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TV-14 ★ *Unrated*
Approved *Unrated* 17



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CURRENT SERIAL



Monday, November 16

9:00 REGISTRATION: USDA, South Building, 5th Wing Entrance,
Independence Avenue

THOMAS JEFFERSON MEMORIAL AUDITORIUM
Agriculture South Building

Nathan M. Koffsky, Administrator,
Economic Research Service, USDA, Chairman

9:30 Opening of Conference
Lloyd H. Davis, Administrator, FES, USDA

9:40 Farm Policy Issues for the Years Ahead
Charles S. Murphy, Under Secretary of Agriculture

THE SITUATION AND OUTLOOK FOR 1965

10:10 The Agricultural Outlook for 1965
James P. Cavin, Director, Economic and Statistical
Analysis Division, ERS, USDA

10:45 INTERMISSION

11:00 National Economic Situation and Outlook for 1965
Rex F. Daly, Chief, Outlook and Projections Branch, ERS, USDA

11:30 PANEL DISCUSSION--Nathan M. Koffsky, USDA, Moderator
James P. Cavin, USDA

Rex F. Daly, USDA

John A. Schnittker, Director, Agricultural Economics, USDA

William F. Butler, Vice President, Chase Manhattan Bank

Louis J. Paradiso, Associate Director, Office of Business
Economics, Department of Commerce

Aryness Joy Wickens, Department of Labor

12:30 - 2:00 LUNCH PERIOD

Monday Afternoon

THOMAS JEFFERSON MEMORIAL AUDITORIUM
Agriculture South Building

Dorothy H. Jacobson, Assistant Secretary, USDA, Chairman

FOREIGN TRADE OUTLOOK

- 2:00 World Food Needs and World Food Policy
 John A. Schnittker, Director, Agricultural Economics, USDA
- 2:45 Current Developments in United States Foreign Trade in
 Farm Products
 Raymond A. Ioanes, Administrator, Foreign Agricultural
 Service, USDA
- 3:15 INTERMISSION
- 3:30 PANEL DISCUSSION--Dorothy H. Jacobson, USDA, Moderator

 John A. Schnittker, USDA

 Raymond A. Ioanes, USDA

 G. Griffith Johnson, Assistant Secretary for Economic Affairs,
 Department of State
- 4:30 ADJOURNMENT

Tuesday, November 17

THOMAS JEFFERSON MEMORIAL AUDITORIUM
Agriculture South Building

John A. Baker, Assistant Secretary, USDA, Chairman

EMERGING ISSUES

9:30 Regional Growth and Development and Rural Areas
 John H. Southern, Chief, Area Economic Development Branch,
 ERS, USDA

9:55 The Low Income Problem in Agriculture
 Elmer J. Moore, Research Agricultural Economist, Area
 Economic Development Branch, ERS, USDA

10:20 Rural Youth, Schools, and Jobs
 James D. Cowhig, Head, Levels of Living Section, ERS, USDA

10:45 INTERMISSION

11:00 PANEL DISCUSSION--John A. Baker, USDA, Moderator

 John H. Southern, USDA

 Elmer J. Moore, USDA

 James D. Cowhig, USDA

 William J. Kimball, Associate Professor and Program Leader,
 Resource Development, Michigan State University

 Earl F. Pettyjohn, Program Leader, Rural Areas Development,
 FES, USDA

 Irene H. Wolgamot, Assistant to Director, Consumer and Food
 Economics Research Division, ARS, USDA

12:00 - 1:30 LUNCH PERIOD

COMMODITY SESSIONS

Tuesday Afternoon

1:30 - 5:00 Feed, Livestock and Meat
Thomas Jefferson Memorial Auditorium
Homer S. Porteus, FES, Chairman

1:30--Malcolm Clough, ERS, Feed Outlook Statement

2:50--INTERMISSION

3:10--Robert L. Rizek, ERS, Livestock and Meat Outlook
Statement

3:10 - 5:00 Tobacco
Room 3056, South Building
Claude G. Turner, ASCS, Chairman
Arthus G. Conover, ERS, Outlook Statement

5:00 ADJOURNMENT

Wednesday, November 18

9:15 - 10:40 Dairy
Freer Gallery of Art Auditorium
Lawrence M. Vaughan, FES, Chairman
Anthony G. Mathis, ERS, Outlook Statement

10:50 - 12:15 Poultry
Freer Gallery of Art Auditorium
Richard G. Ford, FES, Chairman
Herman Bluestone, ERS, Outlook Statement

12:15 - 1:30 LUNCH PERIOD

COMMODITY SESSIONS (continued)

Wednesday Afternoon

1:30 - 2:30 Vegetables and Potatoes
Room 3056, South Building
Dana G. Dalrymple, FES, Chairman
Donald S. Kuryloski, ERS, Outlook Statement

1:30 - 2:30 Sugar
Room 3840, South Building
Tom O. Murphy, ASCS, Chairman

1:30 - 3:40 Fats, Oils, and Peanuts
Freer Gallery of Art Auditorium
Buel F. Lanpher, FES, Chairman
George W. Kromer, ERS, Outlook Statement

3:45 - 5:15 Wheat
Freer Gallery of Art Auditorium
E. Dean Vaughan, FES, Chairman
William R. Askew, ERS, Outlook Statement

5:15 ADJOURNMENT

Thursday, November 19

9:15 - 10:40 Forest Products
Room 3840, South Building
Paul O. Mohn, FES, Chairman
Dwight Hair, FS, Outlook Statement

9:15 - 10:40 Fruits and Tree Nuts
Room 3056, South Building
Dana G. Dalrymple, FES, Chairman
Ben H. Pubols, ERS, Outlook Statement

10:50 - 12:30 Cotton
Freer Gallery of Art Auditorium
Jasper E. Jernigan, FES, Chairman
James R. Donald, ERS, Outlook Statement

12:30 ADJOURNMENT

FAMILY LIVING SESSIONS

Tuesday Afternoon

CONFERENCE ROOM 43, MUSEUM OF NATURAL HISTORY
10th Street and Constitution Avenue

Faith Clark, Director, Consumer and Food Economics
Research Division, ARS, USDA, Chairman

CONSUMER EXPENDITURES

- 2:00 Spending Patterns of Rural and Urban Families
 Jean L. Pennock, Chief, Family Economics Branch,
 ARS, USDA
- 2:45 Spending Patterns of Low-Income Families
 Emma G. Holmes, Family Economist, ARS, USDA
- 3:30 INTERMISSION
- 3:45 Spending Patterns Over the Life Cycle
 Mary Jane Ellis, Family Economist, ARS, USDA
- 4:30 DISCUSSION--Implications for Home Management Specialists
- 5:00 ADJOURNMENT

Wednesday, November 18

CONFERENCE ROOM 43, MUSEUM OF NATURAL HISTORY
10th Street and Constitution Avenue

Helen D. Turner, Assistant Director, Division of
Home Economics, FES, USDA, Chairman

EDUCATION

- 9:30 Costs of Elementary and Secondary Education
 Jean M. Flanigan, Assistant Director, Research Division,
 National Education Association
- 10:15 Costs of Higher Education
 Paul K. Nance, Acting Chief, Business Administration Section,
 Office of Education, HEW
- 11:00 INTERMISSION
- 11:15 Vocational Education Act of 1963
 Edna Amidon, Director, Auxiliary Service Branch, Vocational
 and Technical Division, Office of Education, HEW
- 12:00 - 1:30 LUNCH PERIOD

FAMILY LIVING SESSIONS (continued)

Wednesday Afternoon

CONFERENCE ROOM 43, MUSEUM OF NATURAL HISTORY
10th Street and Constitution Avenue

Stella L. Mitchell, Home Management Specialist,
Division of Home Economics, FES, USDA, Chairman

OUTLOOK FOR HOUSING AND HOUSEHOLD EQUIPMENT

- 1:30 Supplies, Prices and New Developments in Household
Equipment and Furnishings
Ethel Hoover, Chief, Division of Price and Index
Numbers Research, Bureau of Labor Statistics, USDL
- 2:15 Changing Nature of the Housing Market
Henry Schechter, Director, Housing Analysis Division,
Housing and Home Finance Agency
- 3:00 INTERMISSION
- 3:15 PANEL: Management of Work Areas of the Home
Mildred S. Howard, ARS, USDA, Moderator
Avis M. Woolrich, ARS, USDA
Martha Richardson, ARS, USDA
Nada D. Poole, ARS, USDA
Ethel C. McNeil, ARS, USDA
Verda I. McLendon, ARS, USDA
Lucile F. Mork, ARS, USDA
- 4:30 ADJOURNMENT

FAMILY LIVING SESSIONS (continued)

Thursday, November 19

CONFERENCE ROOM 43, MUSEUM OF NATURAL HISTORY
10th Street and Constitution Avenue

Irene H. Wolgamot, Assistant to Director, Consumer and Food
Economics Research Division, ARS, USDA, Chairman

OUTLOOK FOR FOOD AND CLOTHING

- 9:30 Food: Supplies and Prices
Stephen J. Hiemstra, Head, Food Consumption and
Utilization Section, ERS, USDA
- 10:15 Variations in Food Prices
Rosalind C. Lifquist, Food Economist, ERS, USDA
- 11:00 INTERMISSION
- 11:15 Clothing and Textiles: Supplies and Prices
Virginia Britton, Family Economist, ARS, USDA
- 11:45 New Developments in Textile Technology
A. Mason DuPre, Jr., Assistant to Administrator, ARS, USDA
- 12:30 ADJOURNMENT

STATE EXTENSION DELEGATES

ALABAMA

Elizabeth Bryan
Sidney Bell

ALASKA

Agnes Sunnell
Arthur S. Buswell

ARIZONA

Clarence D. Edmond

ARKANSAS

Clay Moore
Cristol C. Tenborg

CALIFORNIA

Robert C. Rock

COLORADO

Kenneth Jameson
Madeline Moos

CONNECTICUT

John Brand
Robert Leonard

DELAWARE

Coral Morris
W. T. McAllister

FLORIDA

C. C. Moxley
Izola Williams

GEORGIA

Paul C. Bunce
Lora Laine

HAWAII

IDAHO

R. Wayne Robinson

ILLINOIS

Jeanne Hafstrom
L. H. Simerl
S. F. Stice

INDIANA

Elkin Minter
Anna K. Williams
J. C. Bottum
Jack Armstrong

IOWA

Gene Futrell
Marcena Ver Ploeg

KANSAS

Norman V. Whitehair
Quentin D. Banks
Annabelle Dickinson

KENTUCKY

Wilmer Browning
Ella S. Anderson

LOUISIANA

W. D. Curtis
Celia Hissong

MAINE

Mary Holt
Lewis Clark

MARYLAND

Martin Bailey
Virginia McLuckie
G. M. Beal
Ray Murray
Evelyn P. Nantz

MASSACHUSETTS

Ellsworth W. Bell
Barbara Higgins
Charles E. Eshbach

MICHIGAN

Jake Ferris
Mary Zehner
Lucile Ketchum

MINNESOTA

Arley Waldo
Paul Hasbarger

MISSISSIPPI

Rupert B. Johnston
Willie F. Felder

MISSOURI

C. E. Klinger
Glenn Grimes
Lorene Wilson
Leonard Voss
Alice May Alexander

MONTANA

John Bower
Eugene Quenomoen

NEBRASKA

Clara Leopold
Michael S. Turner

NEVADA

William V. Neely

NEW HAMPSHIRE

Robert L. Christensen

NEW JERSEY

John M. Hunter
Robert G. Latimer
Frederick A. Perkins
John W. Browning
Cleo M. Cottrell
George W. Luke
Alan A. Meredith

NEW MEXICO

W. Y. Fowler

NEW YORK

Janice Woodard
C. W. Loomis
Clara M. Wendt
Roger G. Murphy
Ruth A. Hodgson

NORTH CAROLINA

Clyde Weathers
Everett Nichols
Kay Riggle

STATE EXTENSION DELEGATES (continued)

NORTH DAKOTA

Lois Restemayer
Fred Olson

OHIO

Mabel Spray
Wallace Barr
Donald Osburn
Lewis Saboe
Bobby Van Stavern
Elden Banto
Harry L. Barr

OKLAHOMA

Houston E. Ward
Irma Manning

OREGON

Alberta Johnston
Stephen C. Marks

PENNSYLVANIA

Magdalene R. Foster
B. Wayne Kelly
Charles W. Porter

PUERTO RICO

Carmen T. Pesquera de Busquets
Roberto Lefebre-Munoz

RHODE ISLAND

Charles Gratto

SOUTH CAROLINA

Marie Hindman
M. H. Sutherland

SOUTH DAKOTA

Lila B. Dickerson
Arthur W. Anderson

TENNESSEE

Eugene Gambill
Lloyd Downen
LaVerne Farmer
Curtis F. Lard

TEXAS

John G. McHaney
Eula J. Newman

UTAH

Paul Grimshaw

VERMONT

Faith Prior

VIRGINIA

Gene McMurtry
William R. Luckham
Kenneth E. Loope
James E. Bell
Larry L. Denison
William J. Nuckolls, Jr.
Mary B. Settle
Ocie J. O'Brien

WASHINGTON

Karl Hobson

WEST VIRGINIA

Vernon M. Sheppard, Jr.
Hilda Dailey

WISCONSIN

R. H. Vilstrup
L. A. Young
L. Bjorklund

WYOMING

Helen Miller
J. W. Slade, Jr.

THE FARM INDEX

ECONOMIC RESEARCH SERVICE ☆ U.S. DEPARTMENT OF AGRICULTURE ☆ NOVEMBER 1

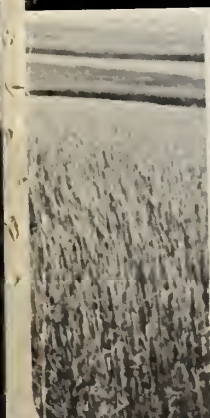
OUT

chart story of the year ahead
for ★ farming ★ marketing
the foreign market ★ the consumer ★ also in this issue
★ no help wanted ★ the population among us ★ wool moving east
now an arab common market



LOOK

POST





Economic Trends



ITEM	UNIT OR BASE PERIOD	'57 -'59 AVERAGE	1963		1964		
			YEAR	SEPTEMBER	JULY	AUGUST	SEPTEMBER
PRICES:							
Prices received by farmers	1910-14=100	242	242	242	234	232	236
Crops	1910-14=100	223	237	232	234	226	228
Livestock and products	1910-14=100	258	245	250	234	237	244
Prices paid, interest, taxes and wage rates	1910-14=100	293	312	311	312	313	313
Family living items	1910-14=100	286	298	297	300	300	299
Production items	1910-14=100	262	273	273	269	269	270
Parity ratio		83	78	78	75	74	75
Wholesale prices, all commodities	1957-59=100	—	100.3	100.3	100.4	100.3	100.7
Commodities other than farm and food	1957-59=100	—	100.7	100.7	101.1	101.1	101.1
Farm products	1957-59=100	—	95.7	95.5	94.1	93.6	95.6
Food, processed	1957-59=100	—	101.1	100.9	101.2	101.0	102.2
Consumer price index, all items ¹	1957-59=100	—	106.7	107.1	108.3	108.2	—
Food	1957-59=100	—	105.1	105.4	107.2	106.9	—
FARM FOOD MARKET BASKET: ²							
Retail cost	Dollars	1,037	1,078	1,082	1,099	1,091	—
Farm value	Dollars	410	394	390	406	409	—
Farm-retail spread	Dollars	627	684	692	693	682	—
Farmers' share of retail cost	Per cent	40	37	36	37	38	—
FARM INCOME:							
Volume of farm marketings	1957-59=100	—	115	131	110	117	131
Cash receipts from farm marketings	Million dollars	32,247	36,925	3,512	2,683	2,925	3,430
Crops	Million dollars	13,766	17,045	1,806	1,121	1,315	1,706
Livestock and products	Million dollars	18,481	19,880	1,706	1,562	1,610	1,724
Realized gross income ³	Billion dollars	—	41.7	—	—	—	41.6
Farm production expenses ³	Billion dollars	—	29.2	—	—	—	29.1
Realized net income ³	Billion dollars	—	12.5	—	—	—	12.5
AGRICULTURAL TRADE:							
Agricultural exports	Million dollars	4,105	5,585	433	479	419	—
Agricultural imports	Million dollars	3,977	4,011	343	317	315	—
LAND VALUES:							
Average value per acre	1957-59=100	—	—	127 ⁶	135	—	—
Total value of farm real estate	Billion dollars	—	—	148.1 ⁶	154.9	—	—
GROSS NATIONAL PRODUCT ³							
Consumption ³	Billion dollars	456.7	583.9	587.2	—	—	627.5
Investment ³	Billion dollars	297.3	375.0	377.4	—	—	404.5
Government expenditures ³	Billion dollars	65.1	82.0	82.8	—	—	86.5
Net exports ³	Billion dollars	92.4	122.6	122.8	—	—	130.0
	Billion dollars	1.8	4.4	4.2	—	—	6.5
INCOME AND SPENDING:							
Personal income, annual rate	Billion dollars	365.2	464.1	468.9	491.4	494.9	497.1
Total retail sales	Million dollars	17,105	20,536	20,426	21,964	22,268	22,027
Retail sales of food group	Million dollars	4,159	4,929	4,897	5,272	5,230	—
EMPLOYMENT AND WAGES: ⁴							
Total civilian employment	Millions	64.9	68.8	69.0	70.6	70.5	70.3
Agricultural	Millions	6.0	4.9	4.9	4.9	4.8	4.8
Rate of unemployment	Per cent	5.5	5.7	5.5	4.9	5.1	5.2
Workweek in manufacturing	Hours	39.8	40.4	40.7	40.6	40.7	40.6
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.46	2.47	2.53	2.52	2.56
INDUSTRIAL PRODUCTION ⁴	1957-59=100	—	124	126	133	134	134
MANUFACTURERS' SHIPMENTS AND INVENTORIES: ^{4,5}							
Total shipments, monthly rate ⁴	Million dollars	28,736	34,774	34,672	37,963	37,150	—
Total inventories, book value end of month	Million dollars	51,158	58,807	59,087	60,488	60,716	—
Total new orders, monthly rate	Million dollars	28,374	35,036	34,991	39,315	37,519	—

¹ Beginning Jan. 1964, new ser. ² Av. ann. quantities of farm food products based on purchases per wage-earner or clerical-worker family in 1952—estimated monthly. ³ Ann. rates seasonally adj. 3rd qtr. ⁴ Seasonally adj. ⁵ Rev. Ser. ⁶ As of July 1.

Sources: U.S. Department of Agriculture (Farm Income Situation, Mar-

keting and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Department of Commerce (Industry Survey, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Department of Labor (The Labor Force and Wholesale Price Index).

COMMODITY HIGHLIGHTS

Look ahead to next year. How will farming fare? To get an idea, here's what USDA is saying this month at the annual National Agricultural Outlook Conference.

- Fed cattle prices will probably hold much of their recent strength through the winter. Lighter slaughter weights than a year earlier, a decline likely in slaughter during late 1964 and reduced hog slaughter will tend to keep prices up. However, any gains in prices are likely to be limited by large supplies of cow beef and poultry meat. Prices during the spring and summer of 1965 will depend largely on the number and weight of cattle put on feed during the next few months.

- Due to reduced slaughter, hog prices are likely to show strength through mid-1965. The 1964 pig crop is down roughly 7 per cent from last year. The downtrend probably will continue well into next year; early signs of the pig crop from December through February in the Corn Belt point to a cut of perhaps 13 per cent from a year ago.

- Broilers may bring slightly higher prices in 1965 after the near-record low in 1964. Output may keep going up but probably not as much as in the past two years.

Turkey production next year may increase also; prices this year are expected to average a little below 1963. However, the industry continues to cut costs.

Egg output will likely go up next year, based on a gain in the laying flock and a continued uptrend in eggs per layer.

- Milk output in 1965 is likely to stay near 1964's level. Cow numbers keep dropping but production per cow continues to rise.

Milk and dairy product consumption will probably keep going up but not enough to halt the slow decline in use per person. Exports and domestic donations should keep stocks at relatively low levels.

- Expected total use of wheat in the 1964-65

marketing year is down somewhat from a year ago, as exports will slip more than any gains likely in domestic use. However, the wheat supply is the smallest since 1957-58 so carryover next July 1 may about equal the relatively low 900 million bushels this year.

The average wheat price to farmers in July-September was \$1.34 a bushel, considerably below a year earlier. However, supplementary payments to farmers in the wheat program will keep 1964-65 farm income from wheat near the \$2.3 billion in 1963-64.

- With this fall's feed grain crops down from 1963, prices during the 1964-65 marketing year will probably be up a little from the year before. Total use may slip somewhat because of fewer animals to be fed in 1964-65. Nevertheless, the reduced crop will trim the feed grain carryover next year—perhaps 10 to 12 million tons.

- Supply and use of soybeans during the 1964-65 marketing year are expected to be in close balance, indicating favorable grower prices, close to those the year before.

Carryover into the marketing year was up from 1963-64, but the crop this fall isn't much different from last season. The uptrend in use is expected to resume after the slump last year.

Soybean crushings are likely to rise and exports probably will set a record—edging above the previous high last season.

- The cotton situation this fall features another large crop and sharply rising mill use. The crop reflects record yields; harvested acreage is down slightly from last year.

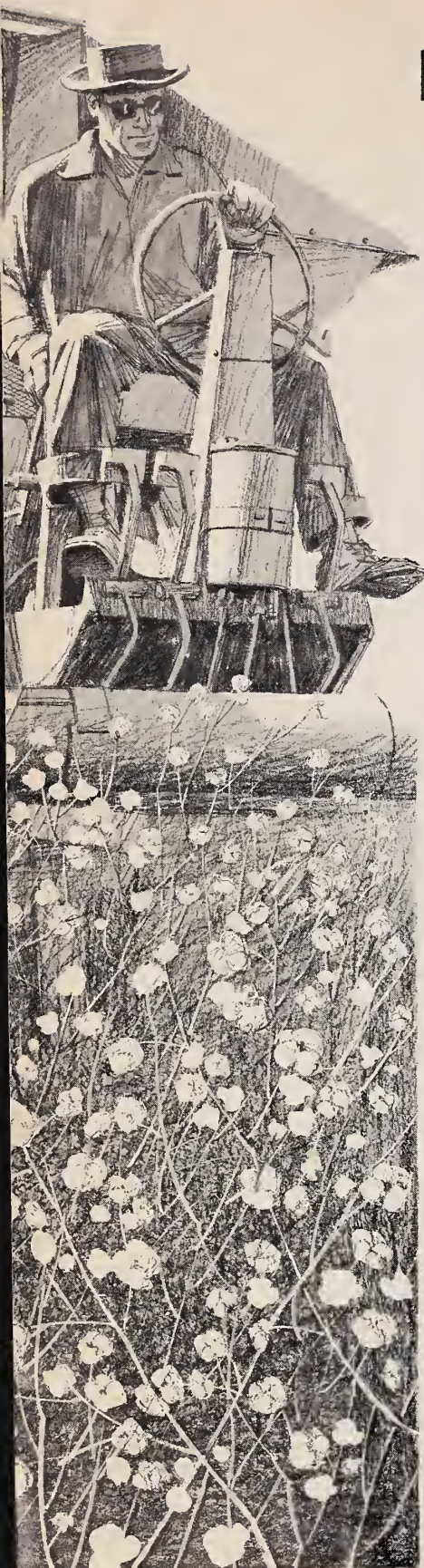
Cotton mill use this season may be at the highest level since 1950. Lower cotton costs to domestic mills, due to 1964 cotton legislation, are contributing to the gain in consumption. But the increase probably will not be big enough to keep the carryover of all cotton from rising again next summer.

(See page 13 in the magazine for a special outlook supplement to the Handbook of Agricultural Charts, A.H. No. 275.)

MACHINES

MOVE IN

Harvesters ideal for picking California's high yield cotton



The cotton gin and the cotton harvester.

One made cotton worth producing and tied huge amounts of labor to production.

The other mechanized picking and reduced the need for hand labor. As a result, the machines have claimed the jobs of many seasonal farm workers.

Cotton harvesting machines went into operation rapidly in the irrigated fields of southern California because they are ideal for the large farms and high yields typical of production in this area. Consequently, the need for seasonal labor to pick cotton in this state is almost a thing of the past.

Now, farm labor specialists figure that mechanization of the cotton harvest displaced around 25,000 workers in Kern County during a 12-year period. Eventually, practically all of the crop will be harvested mechanically.

Cotton isn't the only crop using seasonal labor in Kern County. But, it is important to farm workers because it fits into their annual work pattern. In January, the only seasonal jobs available are pruning grapes and cutting seed potatoes. Some employment scrapping cotton may still be offered. Depending on the weather, thinning sugar beets and picking peas starts in February and continues in March.

In April, the pace picks up a little as potato picking and cotton chopping begin. Labor requirements rise during May and reach a peak in early June as grape girdling and the harvest of cantaloupes and plums comes up.

In July, labor use drops off in Kern County and many workers move on the fruit harvests in the

central part of the state. Then August arrives with the grape harvest. In September, the cotton is picked. A few workers can still find employment picking out the bolls that the machines miss at the ends of the rows and near the ground.

During the remainder of the year, a limited amount of hand labor is needed to pick fall potatoes, tomatoes and naval oranges.

However, individual workers in Kern County don't follow the pattern of seasonal labor too closely. This is due in part to the wide fluctuations in the number of people hired at different times of the year. It also is due to specialization in labor.

Some workers are involved only in cotton operations. Others work with potatoes and tree fruits as well.

A good part of the specialization in seasonal labor is a matter of job status. "Stoop" labor in sugar beets and peas has the lowest status. Work in potatoes, cotton and grapes is next with picking "ladder" fruit even more desirable. Job status is so strong that many seasonal workers will go without an income rather than take a job at a level they feel is inferior.

Seasonal workers as a group have lower status than general farm workers. General workers are employed full-time as equipment operators, irrigators, foremen and technical, clerical or administrative assistants.

When farm labor specialists conducted a survey of 696 farm workers in Kern County during 1962, they found that 61 per cent were hired for seasonal jobs. Twenty-five per cent were classed as general farm workers. The re-

maining 14 per cent were either employed in plants processing farm products or were working part-time.

The general farm workers were employed an average of 233 days during the year. Seasonal workers were under-employed: Heads of households averaged 138 days of work; wives, 67 days; and school age children, 50 days. Seasonal workers in cotton were worse off compared to the total seasonal worker group with heads of households averaging 130 days; wives, 48 days, and children, 40 days.

Almost two-thirds of the seasonal workers were women or youth. Considering this, plus the relatively few days that seasonal workers were employed, their low level of earnings compared to general farm workers and the processing and part-time worker group isn't surprising. Seasonal workers averaged only \$854 per person during 1961 compared with \$2,847 for general farm workers. The heads of seasonal worker households reported their average income at \$1,233. (1)

Dairy Farmers Still in Business Have More Cows, Acres, Income, Investment

Which farms drop out of business? The operations with fewer acres, limited investment, smaller herds and lower incomes, according to a study of dairy farms in Wisconsin. The study was conducted by ERS in cooperation with economists at the University of Wisconsin.

The purpose of the Wisconsin research was to examine the characteristics of farms that dropped out of business between 1951 and 1961.

What happened to the farm families? Who took over the land? What changes occurred in the acreage and financial status of the farms?

The study disclosed that only 189 of the 262 farms surveyed in

1951 remained in operation as separate units 10 years later. One hundred forty-seven of the farmers were still on the same farm in 1961; 42 new farm operators had taken over the farms that became available.

The farmers who left during the decade gave varying reasons for leaving. Some quit because of health. Some said the income from farming was too low; they found they could do better working elsewhere.

In a few cases, unusual circumstances forced the decision to move (the barn burned, the herd contracted TB and was sold, etc.). Among the older men, retirement or death accounted for most of those who left farming.

To see what differences there were between the farms held by the same operators between 1951 and 1961 and those that changed hands, comparisons were made of the number of cows, average investment, farm and nonfarm income and acreage operated.

The men who stayed on the same farm averaged 17 cows in 1951 and 22 in 1961. The farms that had changed operators during the decade had 19 cows in 1951 and 26 in 1961.

The farms that had new operators had an average of 165 acres in 1961 compared with 129 acres 10 years earlier. Farmers on the same farms reported 154 acres in 1961 and 145 acres in 1951.

Although the average investment had increased for both groups, it was considerably higher for the men who had changed farms. They had land, buildings, equipment and herds worth \$42,933 in 1961, compared with \$35,286 for the men who stayed put during the 10-year period. The 1951 figures were \$33,489 and \$29,528, respectively.

The new operators who took over these farms had larger cash farm incomes compared with the men who stayed on the same farm. Nonfarm income was more important for the men who remain-

ed on the same farm than for those who changed. Cash farm income for those who stayed on the same farms was \$2,783 in 1951 and \$2,895 in 1961, with nonfarm incomes going from \$923 to \$2,570.

For the group of farms with different operators, the figures were \$3,256 cash farm income with \$300 nonfarm income in 1951. In 1961, the figures were \$4,158 in returns from farming and \$2,000 from off-farm sources.

Roughly a fourth of the farmers who moved onto survey farms between 1951 and 1961 started farming with some sort of family help or partnership agreement; only 11 per cent of the operators on the same farms had family help.

Half of the men on the same farms purchased their land when they began farming, compared with only a fourth of the men starting out in the 1950s.

Half of the 73 farms that ceased to be separate units during the 10-year period remained in production as purchased or rented additions to neighboring operations. Nonfarm use claimed 12.5 per cent of the vanishing farms. The others went in the Soil Bank, were left idle, or both. (2)

New Census of Agriculture Will Count Farmers, Farms, Acres and Animals

It's time to count heads again. Farmers' and ranchers' heads, that is. In other words, the 1964 Census of Agriculture begins this month.

Mail carriers will get things rolling by leaving a questionnaire in each rural mail box early in the month. All farm and ranch operators are required by law to answer the questions on the census form.

A week or two after the questionnaire is delivered, a census enumerator will visit the farm to pick up the questionnaire, checking to make sure all the queries

are answered. Then the figures will be tabulated.

Beginning next April, the new Census of Agriculture figures will begin to flow. For the first time since 1959, a count of farms by county, state and nation will be available. The number of people living on farms, a figure last published in the 1960 Census of Population, also will be announced.

The new census figures will include two important "firsts". They are information about farmers' use of pesticides and figures on income from such recreation services as hunting and fishing privileges and room and board for sportsmen.

The 1964 census figures for states will be used by USDA as guides for the periodic estimates of farm numbers, production, income, acreage, livestock and poultry output and so forth. (3)

New Figures Reveal that Farmers Owe \$6.7 Billion to Merchants, Dealers

Farmers owe \$2¼ billion more than anyone thought they did.

That's the difference between old and new estimates of non-real estate debt owed by farmers to "nonreporting lenders." These are the merchants, dealers, finance companies, individuals and other groups who satisfy a good part of the short- and medium-term needs for cash to run the farm.

With the help of the 1960 Sample Survey of Agriculture, conducted by the Bureau of the Census, specialists in ERS were able to prepare benchmark estimates of farm debt for January 1, 1961. The benchmark figures were then used to reevaluate the existing annual estimates of the amount of non-real estate debt held by the nonreporting lenders.

The revised estimates indicate the nonreporting creditors held a total of \$6,720 million in non-real estate debt of farmers on January 1, 1964. Earlier estimates put the figure at \$4,500 million.

THE BALANCE SHEET OF AGRICULTURE

New highs in farm assets and equities and cash receipts from farm marketings figured in the 1963 farm financial scene.

The value of farm assets on January 1, 1964, totaled \$223.3 billion, up \$7.5 billion from a year earlier. The gain was due to climbing values of farm real estate, machinery and motor vehicles and farmer-owned crop inventories.

Owners' equities in farm assets were \$188.4 billion, \$4.4 billion above January 1, 1963. Cash receipts in 1963 came to \$36.9 billion, up \$800 million from 1962.

Gross farm income set a new record at \$42.2 billion last year. Farmers grossed \$41.5 billion in 1962. But 1963 production expenses gained, too and cut net farm income back to \$12.5 billion. This was slightly less than the \$12.6 billion in 1962 net farm income.

Realized net farm income was a record \$3,504 per farm in 1963. In 1962, the figure was \$3,420 per farm. (5)

	1963	1964 ²
	Billion Dollars	
ASSETS		
Physical assets:		
Real estate	142.8	150.8
Non-real estate		
Livestock	17.2	15.7
Machinery and motor vehicles	19.5	20.1
Crops ³	9.2	9.8
Household furnishings and equipment	8.7	8.4
Financial assets:		
Deposits and currency	9.2	9.2
U.S. savings bonds	4.4	4.2
Investments in cooperatives	4.8	5.1
TOTAL	215.8	223.3
CLAIMS		
Liabilities:		
Real estate debt	15.2	16.8
Non-real estate debt owed to:		
Commodity Credit Corporation ⁴	2.1	1.9
Other reporting institutions ⁵	8.5	9.5
Nonreporting creditors ⁶	6.0	6.7
TOTAL	31.8	34.9
Proprietors' equities	184.0	188.4

¹ For 48 states. ² Preliminary. ³ Includes all crops held on and off farms as security for CCC loans. ⁴ Nonrecourse CCC loans secured by crops owned by farmers. ⁵ Loans from private banks, production credit associations, Farmers Home Administration and discounts of federal intermediate credit banks for agricultural credit corporations and livestock loan companies. ⁶ Loans and credits from dealers, merchants, finance companies and individuals.

When the new estimate is coupled with the figures for reporting institutions, total non-real estate debt as of January 1, 1964, turns out to be \$16,185 million.

Reporting institutions include banks, production credit associations, the Farmers Home Administration and federal intermediate credit banks.

Until the new census figures were available, estimates of the amount of debt held by nonreporting lenders were based on the

trend in reported loans plus information on unreported loans from a few area studies. The method worked well enough for the years up to 1957. But from then on, the method did not reflect the full rate at which non-real estate debt held by nonreporting lenders was climbing.

The figures for non-real estate debt of these nonreporting lenders include only credit for farm expenses, not loans for family living purposes. (4)

Fallowing Wheat, Barley Acreage Can Boost Yields, Profits the Next Year

How can a farmer growing small grains in north central North Dakota make the most money through crop diversion? By making his fallow land equal to the wheat and barley acreage he intends to crop the year after diversion.

Farmers who participate in wheat and barley diversion programs at the minimum level to qualify for support prices often can up their profits by diverting additional land voluntarily. Economists in the North Dakota Agricultural Experiment Station, co-operating with the Economic Research Service, have come up with the following strategies for boosting profits through diversion programs.

If under a grain diversion program a farmer is allowed to fallow more wheat and barley acreage than he normally does, he can increase his income by diverting first more wheat land, and then some barley acreage.

Then, the next year he should plant as much of his wheat crop as possible on the land which has remained idle. Any additional fallow not planted to wheat should be used for barley.

Why wheat before barley when it comes to both diverting and planting? Because over a two-year period, a farmer reduces his total output less by letting wheat land lie idle than by fallowing barley acreage.

Diverting an acre of wheat to fallow means a drop in production of 16.5 bushels, the average yield per acre for the area when land is cropped continuously. But the following year, when wheat can be planted on fallow land, yields rise nearly 6.9 bushels over the average. This means that even though the land has lain idle for one year, the farmer's total output in the two-year period is 23.4 bushels per acre. Only 9.6 bushels

of wheat were lost through diversion.

But in the case of barley, each acre yields about 24.5 bushels of barley equivalents (based on the feed value of wheat). Therefore, diverting barley acreage means a loss of 24.5 bushels of barley equivalents while the land is lying idle. And, while planting barley on fallow land the following year will boost yields by 8.7 bushels, a farmer will still have lost 15.8 bushels of barley equivalents by letting his barley acreage lie idle for one year.

A farmer has to expect that participating in a diversion program in general will reduce his output slightly, even with higher than average yields the second year. But with higher payments made for voluntary diversion than for minimum diversion, he will often find that fallowing additional land will increase income despite production decreases.

When the normal fallow acreage on a farm and the required minimum diversion exceed what a farmer intends to plant the following year, profits will decrease with further diversion. (6)

Early Orange Crop Is Up Considerably Thanks to Gains in Florida and Texas

Good weather and intensive care of their groves have helped orange producers in Florida and Texas bounce back from the severe freeze of two years ago. As a result, the output of early, mid-season and Navel oranges in Florida this year was forecast on October 1 at 44.6 million boxes, 60 per cent above 1963-64. The estimate of the Texas crop is about 700,000 boxes, four and a half times 1963-64.

In contrast to the gains in the states hit by the 1962 freeze, the California crop forecast for Navel and miscellaneous varieties is down 5 per cent and Arizona production is down 14 per cent.

Total output of early, midsea-

son and Navel oranges has been estimated at 60.6 million boxes, up 37 per cent from a year ago.

Demand for oranges is expected to be good this fall. Sales of fresh fruit should be heavy throughout the 1964-65 season. Processors will take a generous share, too. Despite market prospects, season-average prices to growers are likely to be lower than last year due to competition from deciduous fruits. (7)

Buying Secondhand Machinery Saves Money for Colorado Wheat Farmers

The machines get bigger—and so do the bills.

But wheat growers in eastern Colorado have found that buying secondhand equipment cuts down not only on the original investment but on the annual cost of the machinery as well. Savings have amounted to as much as 30 to 45 per cent on the secondhand equipment, compared with the same items bought new.

Other farmers are sharing the cost of new machines with their neighbors and lowering annual costs just as much.

In 1960, economists in the Colorado Agricultural Experiment Station and the Economic Research Service interviewed 127 farmers in the northeast and east central areas of Colorado. At the time of the survey, machinery investment on farms in the northeast area averaged about \$14,000 per farm and about \$13,000 in the east central area.

Average savings on secondhand equipment for the 127 farmers on such annual costs as depreciation and insurance, when compared with similar machines purchased new, were: 44 cents less per hour of use for secondhand 4-plow tractors; 7 cents less per acre for 15-foot oneway plows; 83 cents less per acre for 14-foot grain combines; and 18 cents less per acre for 14-foot grain drills.

Joint ownership of machinery

also offered some handsome savings. A 50 per cent ownership of a tractor, drill and combine together in 1960 could have saved a farmer with 400 acres of cropland as much as \$5,900 in average machinery investment and \$800 in annual fixed costs.

Naturally, secondhand machines or joint ownership won't work in all situations. In fact, custom hiring, in some instances in the study, cost less than owning the machinery even when it was bought secondhand. For example, with less than 200 acres of grain to harvest, custom hiring was cheaper than owning a secondhand 14-foot, self-propelled grain combine.

However, with 200 to 325 acres harvested, owning the secondhand machine turned out to be cheaper. Over 325 acres, farmers did best to buy new equipment. Many farmers who owned a combine still planned on using custom combines to speed the harvest during good crop years. (8)

Least-Cost Irrigation Systems in Calif. Depend on Rates for Water and Labor

Three items determine the cost of irrigation—capital, labor and water. The actual investment depends on the cost of each and the combination used. Finding the cheapest combination has become important to farmers in many parts of California where both wages for labor and the cost of irrigation water have shot up in recent years.

Economists recently studied least-cost irrigation systems at various prices for water, wages and capital invested in equipment. They used information supplied by irrigation engineers to put together 10 different water distribution systems. These systems included the use of open ditches or concrete pipelines with different lengths of run as well as pumps to return unused water. Two soil types, silty clay and sandy loam,

Tomatoes Catch-up

"Love apples" don't frighten anyone anymore. In fact, it's hard to believe that tomatoes could ever have been believed poisonous. Today, this vegetable is versatile as well as popular, particularly in processed form.

Use of processed tomato items in 1963 was over 47 pounds per person (fresh equivalent basis), about a fifth larger than in 1950. Per capita consumption in 1963 was about 11 pounds each of catsup and paste, 9 of tomatoes, 8 of juice, 6 of sauce, and 2.5 of pulp and puree. (10)

were considered.

Where wage rates are high, water can be substituted for part of the labor by investing in labor saving structures such as concrete pipe. Conversely, labor can often be used to conserve water. For example, a man hired to control the water flow into the check or furrow can reduce water losses.

Researchers found that with wages of \$1 an hour or less and water at \$4 per acre-foot, concrete main lines and laterals a quarter-mile apart are the cheapest combination for the sandy loam farms. This setup was recommended when wages were \$1.25 and water cost \$2, too.

Using capital in place of water or labor depends on the kind of irrigation setup. The least capital is needed for a simple system of unlined earth ditches to carry the water from the head gate or pump to a head ditch. A cut in the head ditch permits the water to run into the furrow or check. Rowpipe, spiles or siphons can also be used to get the water to the crop.

While unlined ditches require only a limited investment, the disadvantages are several. An earth ditch system entails a large amount of labor to set, move and supervise the ditch cuts, spiles or siphons. Because the system is open, land is taken out of production. If the ditches are used for any length of time, weed con-

trol is a problem. And, water losses due to evaporation and seepage can run as high as one-third of the initial supply.

Concrete pipe installed underground has most of the advantages that earth ditches lack. Of course, the capital investment is much higher but labor is cut sharply, especially for close-growing crops like alfalfa and barley.

Money spent on services or machinery can reduce loss of irrigation water from percolation below the root zone, too. The solution is to grade and level the field between head ditches and use the recommended water application. Installing a return water system to pick up the overflow or tailwater at the lower end of the field helps cut water losses, also.

Farm size influences where it's economical to spend money on equipment in order to conserve irrigation water. The higher capital requirements per acre on small sandy loam farms compared to the large operations mean that water costs have to be greater before the shift to concrete pipe is economical. For example, concrete pipe paid off with charges of \$5 per acre-foot for water and wages at 75 cents an hour on the small operations. A pipe layout was recommended with water at \$4 per acre-foot on larger farms.

Irrigation systems on heavy, silty clay soils place more emphasis on saving labor than water. Concrete main lines are cheapest at relatively low water costs. Since the water doesn't seep into the heavy soil as fast as it does into sandy loam, a minimum water charge of \$8 per acre-foot with hourly wages of \$1 are necessary before concrete laterals at quarter-mile intervals would be profitable. The size of silty-clay farms made little difference in determining which system to use.

A system of earth ditches pays off for both soil types only when there are no charges for water and wages are only 75 cents an hour. (9)

As Farm Opportunities Decline, Rural Dropouts Face Less Promising Future

School dropout rates are higher for rural than for urban young people. Whether in city or country, the problem of school dropouts results from a long process involving family, student and school.

Family income and the education and occupation of parents are closely related to dropout rates. For both urban and rural 16- and 17-year-olds whose fathers had completed less than eight years of school and whose family incomes were less than \$3,000, dropout rates were identical in 1960—31 per cent. Rural dropout rates average out higher than urban because low income families with little education and low status jobs are more concentrated in rural areas.

At ages 7 through 15, between 93 and 98 per cent of all children are enrolled in school. There were no appreciable rural-urban differences in enrollment rates for this age group in 1960.

There were significant differences, however, for both the kindergarten and college age groups. In 1960, about 46 per cent of all urban 5-year-olds were enrolled in kindergarten, compared with 23 per cent of rural-nonfarm and 16 per cent of farm 5-year-olds.

Dropout rates are much higher among students who don't make normal progress in school. The head start urban children get by going to kindergarten may have something to do with the lower proportion of urban students enrolled in grades below those normal for their age. Among 15-year-olds in school in 1960, about 1 in 8 urban children was in a grade below the norm for his age. About 1 in 5 rural children the same age was similarly behind.

Of those students who finished high school in 1959-60, almost half of the urban graduates en-

rolled in college. Only a third of the rural graduates did so.

In the near future, at least, more young people will enroll in vocational agriculture in high school than can find opportunities in farming.

Such opportunities will continue to decline, due to the drop in farm numbers, farm consolidation, increasing capital requirements and continued technological advances that reduce the need for farm manpower.

This doubly handicaps the rural dropout. Not only must he compete for fewer jobs with graduates from his own community; he may have to migrate to the city and compete with the even better prepared urban graduates. (11)

Underemployment Is Major Component Of Rural Areas' Low Income Problems

Though they don't have a monopoly on poverty, rural areas do hold most of the pockets of low income which are becoming significantly worse off relative to the national average.

In 1959, for example, counties having no town as large as 5,000 persons comprised 91 per cent of the U. S. counties in which family median incomes (a) fell in the bottom two-fifths in the nation; and (b) showed percentage increases between 1949 and 1959 of less than half the national average.

Much of the low income problem in rural areas is not unemployment but *underemployment*. It is estimated that in 1959 there was underemployment among rural workers 20 to 64 years old equal to joblessness for 2.2 million men. This amounts to 13 per cent of the 16.5 million rural workers in this age group.

ERS compared incomes for groups of males living on farms with the average for groups from the economy as a whole. The comparison groups were matched

for age, educational level, participation in the labor force and proportion of nonwhites. Even though carefully matched for earning capacity, the farmers made less money at every age.

Farm males between 20 and 24 years of age came nearest to incomes comparable to the national norm. Their median incomes would have to be raised only 34 per cent to equal those of men in nonfarm jobs with the same earning capacity. The increase would have to be 50 per cent for farm males 25 to 34 years of age; 52 per cent for those from 35 to 44; 68 per cent for those 45 to 54; and 88 per cent for those 55 to 64.

Rural areas with low incomes have relatively large proportions of family heads in the older age groups, or who are women or persons with physical defects. Another characteristic is a dependency ratio—the number of dependent age persons per 100 persons of “working age” (20 to 64 years)—higher than the national average.

Farm households average the same number of persons under 20 and over 65 years of age as they have between 20 and 64. This gives a dependency ratio about 10 per cent higher than the national average, and 16 per cent greater than the dependency ratio of urban people.

Rural areas have a somewhat higher birth rate than the national average, so there are many very young children. With many young adults leaving, the proportion of older people in the rural population continues to grow. By 1970, the number of farm operators 45 years old and over may still exceed three-quarters of a million, compared with about 1 million now. The number under 45 years old will probably be reduced from the present one-half million to less than one-fourth million by 1970. So, the older segment, twice as large as the younger now, may be about four times as large by 1970. (12)

INCOME FIGURES UNDERScore POVERTY FACTS

Median family income, in dollars				
	U.S.	Urban	Rural nonfarm	Farm
1959	4,791	5,199	4,013	2,951
	U.S.	Urban and rural nonfarm		Farm
1963	5,490	5,631		3,164
Family income groups in 1959, by per cent				
	U.S.	Urban	Rural nonfarm	Farm
Under \$2,999	32.5	29.0	39.1	50.7
\$3,000 to 5,999	30.4	29.8	32.5	29.4
\$6,000 to 9,999	25.1	27.3	20.8	13.7
\$10,000 to 24,999	11.1	12.7	6.9	5.7
\$25,000 and over	1.0	1.2	0.6	0.5

THE POOR AMONG US

Poverty in rural areas is a problem involving some 16 million persons, six million of them farm residents who are concentrated in the southern and southeastern states

The problem—poverty.

Its magnitude—35 million Americans—half in rural areas.

For an individual or a family, poverty is too little income for a socially acceptable way of life. On a community level, poverty means poor schools, inadequate medical services and lack of good roads.

Just how low their income must be to place people in the poverty group depends on family size, health, age, value of owned assets and other factors. However, as a working measure, the poverty line has been set at \$3,000 in annual cash income for families and \$1,500 for individuals. This line gives the 35 million mentioned earlier. Thirty million of these persons are part of roughly 9 million families.

Some 16 million of the nation's poor are in rural families. About

6 million are farm residents. By and large, poverty-stricken rural people are concentrated in the southern and southeastern states including parts of eastern Texas and Oklahoma and much of Missouri and Appalachia.

The rural poor are three times more likely to be white than non-white (Negro or American Indian). They commonly have less than eight years of schooling and have a woman or a senior citizen as the family head. About 1¾ million poor rural youth are a prime target of the war on poverty.

In 822 counties, more than half the rural families had 1959 incomes of less than \$3,000. Due to the limited employment opportunities and the inadequate farms typical of poverty regions, local governments often have tax bases too small to properly support schools and hospitals.

Although education isn't an all-inclusive solution for poverty, it can help future generations. However, the schools in rural areas typically have average expenditures per pupil much lower than those in urban areas. School transportation costs are higher in rural areas, too. So, less money remains for teachers' salaries which are often too low to attract high-caliber people.

Clearly the war on poverty must be fought with more jobs and more training, as well as welfare programs. Research is needed to help us find the best mixture for each region. An all-out effort to wipe out poverty could be well worth the investment. Economists figure that by 1980, improved work opportunities for rural people could add \$40 billion a year to the gross national product of the United States. (13)

"Poverty Bill" Is Newest in Arsenal Of Weapons for the War on Poverty

Approximately 925 of our 1,616 predominantly rural counties are considered to be serious low income areas. Some 12 million people live in thousands of rural communities and small towns that have been steadily losing the most productive segments of their population.

As the problem has deepened, so too has the concern of the Congress. Witness, for example, the new weapons added to our arsenal in just the past few years: the Area Redevelopment Act of 1961, setting up a *long-term* program to expand economic growth in depressed areas; and the Accelerated Public Works Act of 1962, which complemented the ARA program with shot-in-the-arm, *short-term* development activities.

One provision of the ARA is for 16 weeks of occupational training for the unemployed in depressed areas. Under the Manpower Development and Retraining Act of 1962 and its 1963 amendments, both unemployed and underemployed individuals became eligible for 52 weeks of training.

The Vocational Education Act of 1963 placed new emphasis on the occupations where employment opportunities are expanding, to supplant traditional agricultural programs. And it authorized federal grants to states to develop part-time employment for youth who need it to stay in school.

Under the Food and Agriculture Act of 1962, many individual farmers became eligible for additional help in changing cropping systems and land use to develop soil, water, forest, wildlife and recreational resources.

The Economic Opportunity Act of 1964 supplements and strengthens existing programs, establishing an office to coordinate efforts at all levels. It provides work-

training and work-study programs and a job corps for young people, grants to states for basic education programs for illiterate adults, aid to migrant workers and their families, and assistance to community action programs. It provides loans both for small businesses, with special emphasis on employment of people long out of work, and for low income rural families. It also provides for a "domestic Peace Corps." (14)

Commercial Banks Only Source of Loans For Building Most Rural Area Homes

Fresh air, open space, peace and quiet. People in rural areas often give these reasons for preferring to live in the country. Other families who would like to enjoy the serenity may find it's a luxury they can't afford because they can't finance a rural home.

A study made cooperatively by the University of Missouri and ERS showed that commercial banks were the only financial institutions in most small Missouri towns. Resources of rural banks were too small to finance all the housing needs in their communities. And, the typical loan made by these banks was for a little over half of the purchase price with a repayment over six years at 6 per cent.

In contrast, the national average for conventional home loans is roughly 70 per cent of the purchase price. Repayment of a loan of this size is generally over 20 years. The interest rate is about the same as the small-town bank loan.

Savings and loan associations, mostly located in cities, made few housing loans in rural communities. This was true also of life insurance companies, the Federal Housing Administration and the Veterans Administration. However, the Farmers Home Administration does offer rural housing loans for new construction or improvements. (15)

Study Underway in Prairie Provinces Should Be of Interest in Great Plains

Great Plains residents facing the consequences of rural depopulation have a lot in common with their neighbors to the north, in the three Prairie Provinces of Canada. In Manitoba, Saskatchewan and Alberta, just as in our Plains States, many rural areas are paying for an increasingly industrialized, urban society in terms of loss of population, political power, employment opportunities and community identity.

But rural residents are paying this price without sharing in the amenities of modern life. In Saskatchewan, the differences between rural and urban housing remain almost what they were 10 years ago, with rural housing much more often crowded, in need of major repairs and without running water.

Also, rural areas generally have few of the public services that are taken for granted in urban centers. For example, less than a third of the incorporated towns and villages in Saskatchewan have a water or sewer system. Fewer still have paved streets, libraries, hospitals or local fire protection. As rural areas lose population, the cost of extending public services across the prairie, or even just across town, falls on fewer and fewer people, less and less prosperous businesses.

The growth of cities can give nearby farming communities a new lease on life, but the opposite effect seems more common in the Prairie Provinces. Rapidly growing cities such as Regina and Saskatoon have taken business away from the merchants in rural towns and villages as far out as 50 miles.

Vigorous competition between rural communities in Saskatchewan, to attract the relatively few people left, hasn't helped. Instead, it has resulted in needless duplication of public services and fa-

cilities, placing an excessive financial burden on rural communities and weakening their competitive position in relation to urban centers. For example, the average annual increase in property taxes per capita during the past decade was only \$4.30 for Saskatchewan cities but \$6.10 for rural municipalities.

Less, rather than more, competition may be desirable from the standpoint of maintaining or improving rural services and facilities. In the Prairie Provinces, the total number of rural municipalities has dropped sharply in the last decade. In Alberta, the 319 rural municipalities of 1951 had become only 97 in 1961. Saskatchewan has seen a small amount of consolidation during the past decade; extensive changes are expected during the next few years. Manitoba, which had fewer but larger rural municipalities to begin with, is under less pressure to reorganize.

The regrouping of local governments is just one of the ways Canadians are moving to meet the challenge of urbanization. To provide a factual and analytical base for rural housing and development programs in western Canada, the Center for Community Studies at the University of Saskatchewan is studying the effects of urbanization on housing and related facilities and services in the three Prairie Provinces. The research is supported primarily by the Central Mortgage and Housing Corporation, a federal agency with functions similar to those of the U.S. Housing and Home Finance Agency.

Its findings, on what permits some rural towns and villages to survive, or even prosper, while others fade; and on the effects changes in the structure of population (with respect to age, income, education, occupation) have on housing requirements, should interest people concerned with resource development in our own Great Plains. (16)

Industry by Day, Agriculture by Night Is Choice of Many Rural Breadwinners

Dual job-holding among farmers is a sign of America's rapidly changing agriculture. It's a form of transition . . . adjustment to change.

Families living on today's small, inefficient, low income farms face four alternatives: (1) Maintain the status quo and perpetuate the unacceptable level of living; (2) add and recombine production inputs to create an economic farm unit; (3) get out of farming entirely; or (4) combine farm and nonfarm employment.

Many farmers have chosen the fourth alternative. According to a recent ERS study, the proportion of part-time farms increased from roughly 12 per cent of all farms in 1954 to 20 per cent in 1959. However, since there are considerably fewer farms, the total number of part-time farms has declined. Not only are a greater proportion of farmers working off the farm; they are working in nonfarm jobs more days per year. The proportion of farm operators who worked 200 or more days off the farm in 1959 was four times the figure in 1934—23.6 per cent compared with 6.0 per cent.

Most part-time farmers these days hold 40-hour a week, year-round jobs in industry. They are full-time industrial workers who farm in their spare time.

They think of their dual role as a relatively permanent way of making a living. To them, it's not a way to get either in or out of full-time farming. Among the others, some are using this means to ease out of farming entirely. And some are trying to put together a bundle of resources sufficient for full-time farming.

The part-time farmer on the average is younger than the full-time farmer. He has completed more years of school. He works more hours per year and the same is true of members of his family.

He has likely been a dual job-holder for eight to 12 years and worked for the same employer for about five years. He is probably living in his native state, or even in the community in which he grew up. If he moved at all, it was before age 30 or 35.

He doesn't, on the average, farm as large a unit as a full-time farmer. This is true for any measure of size—total acres, tillable acres, value of assets, income, man-work units, head of livestock.

He is likely to own a larger percentage of the land he farms than a full-time farmer because he's not under the same pressure to increase his income by leasing more land for expansion.

Why does he hold both jobs? Partly for the money. In addition to the built-in opportunity for "overtime" work—and income—that a farm provides, there are indirect monetary benefits. First, the home produced and consumed farm products may cut food costs substantially. Second, the value of his investment is increasing with the general increase in land values.

Another reason for holding both jobs: environment. He feels that a farm is a good place to bring up children. And if it's near his home town, the part-time farmer can retain kinship and community ties.

There are other advantages that dual job-holders mention. Some feel that having two sources of income is a form of job security. And the arrangement gives them variation in work routine.

Of course, there are also disadvantages. Leisure time may be hard to come by. Access to the services and varied activities of urban life may be limited. And the returns to labor and investment in the farm operation are likely to be low. (17)

The Chartbook Supplement which follows on the next eight pages can be removed from the INDEX and used separately.

- ★ Chartbook: *California 1960-1980*
- ★ *Geographic Research Service*
- ★ *U.S. Department of Agriculture*

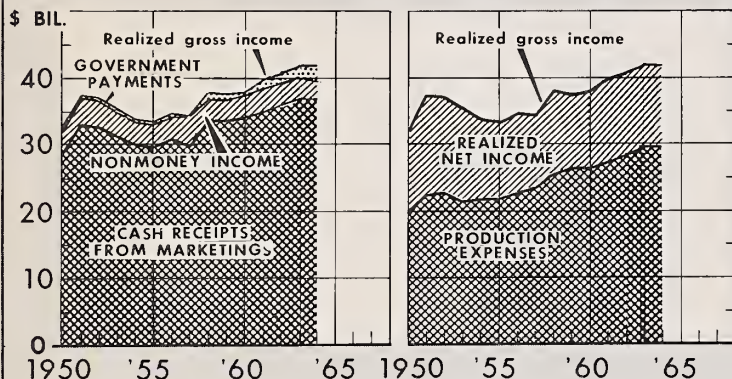


FARM FORECAST '65

Domestic markets for farm products are expected to continue expanding in 1965 and exports probably will come near the record of 1963-64. The general economic picture for 1965 adds up to another strong advance in business activity. Large supplies of food, fiber and tobacco will again be available to meet the needs at home and abroad.

Farmers' gross income in 1965 may be near the levels of the past two years. Some gains are likely in receipts from livestock and products. Smaller receipts from crops may be about offset by larger government payments. The rise in production expenses slowed this year compared with preceding seasons and expenses next year are expected to again show a relatively small gain. Thus, realized net farm income is likely to be around the annual rate of \$12.4 billion that has been maintained in the first three quarters of 1964.

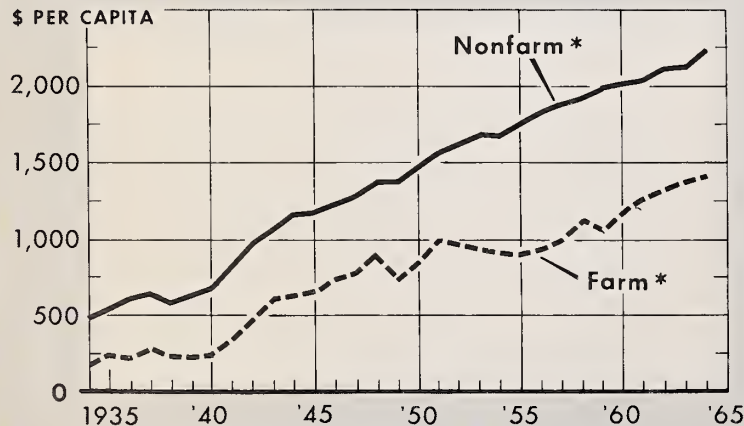
COMPONENTS OF FARM INCOME



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1376- 64 (10) ECONOMIC RESEARCH SERVICE

DISPOSABLE PERSONAL INCOME



U. S. DEPARTMENT OF AGRICULTURE

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How To Order

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Net Farm Income Near 1963: For the first three-quarters of 1964, realized net farm income has been at the annual rate of \$12.4 billion—1963 has been estimated at \$12.5 billion.

Realized gross farm income gained slightly this year due to a rise in government payments, which more than offset a small decline in cash receipts from marketing.

The rise in production expenses for 1964 is well below average. This year's increase has been about offset by the gain in realized gross income.

A Little More in Farmers' Pockets: The net income realized per farm during 1964 has been running about 3 per cent above the \$3,504 of a year ago. And farmers' nonfarm income has gained this year, too. So, disposable personal income per capita for the farm population in 1964 is expected to be higher than the \$1,376 estimated for last year. This figure was 63 per cent of the \$2,181 in disposable income for the nonfarm population.

In 1965 net income realized per farm and per capita disposable personal income of farm people probably will rise again.

Farm Output Near Record: Early estimates of total farm output in 1964 indicate that it will be about 1 per cent less than the high in 1963. This year is only the second time since 1950 that farm production slipped a little from the previous year.

Livestock output has set another new record so far this year. Gains have been made in production of milk, poultry products and meat, particularly beef.

Crop output in 1964 has been running about 3 per cent smaller than in 1963. Cropland used for crops has been steady and output per acre slightly under the previous high a year ago.

Farm Prices Down Slightly:

Prices for farm products continued to slip a little during 1964 and are expected to average 2½ per cent below 1963. Most of the decline has been in livestock prices, particularly those for beef and poultry. However, market prices for crops have been under last year's levels since June.

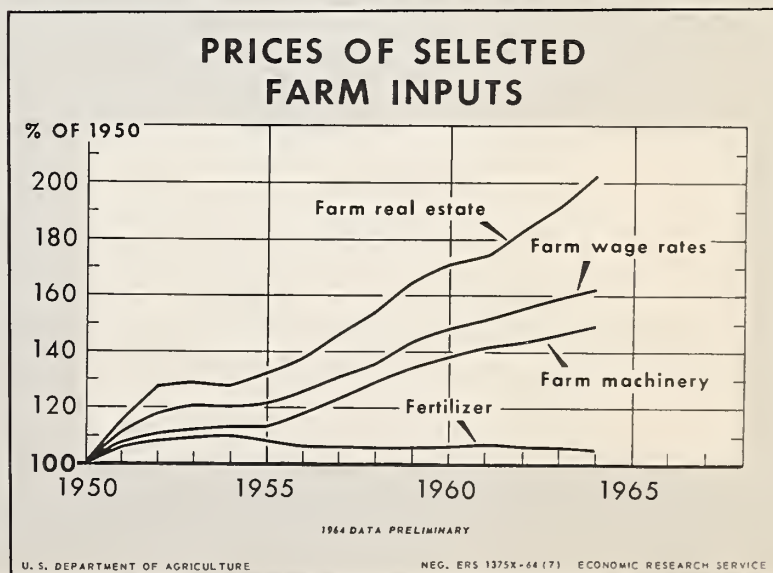
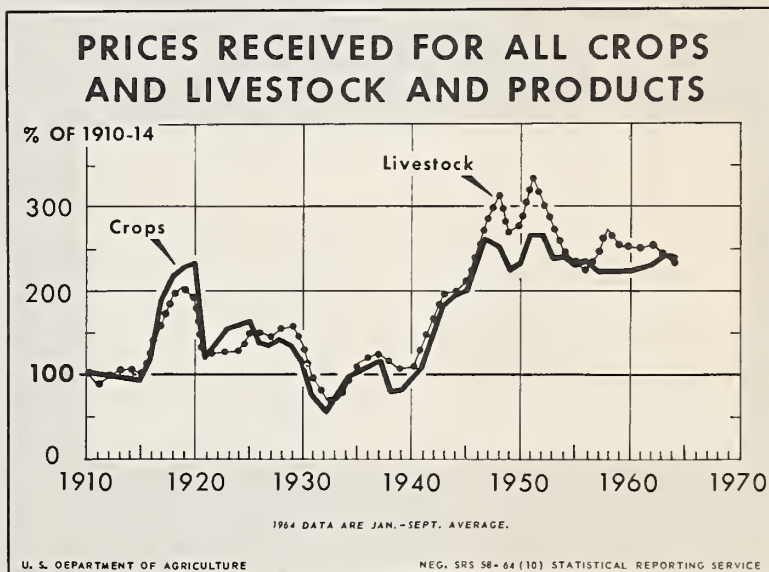
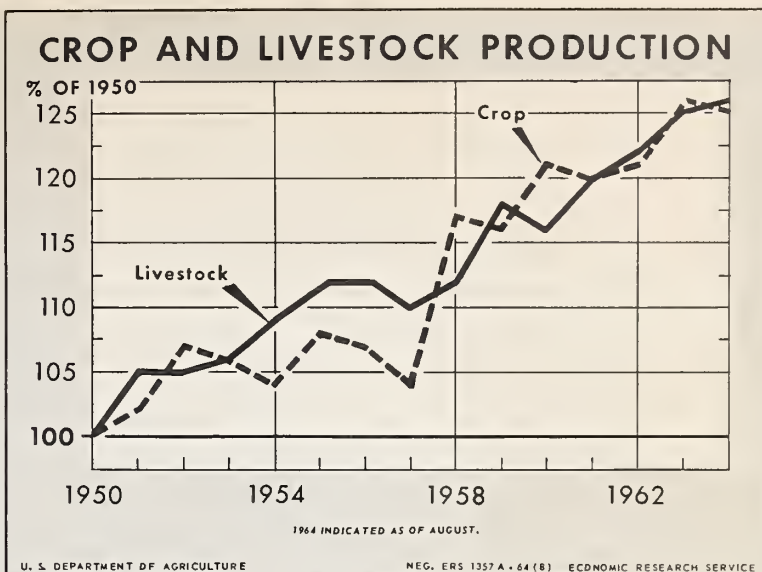
With average growing conditions and no major changes in current farm programs, prices for farm products may drift lower in 1965, due largely to lower market prices for crops. Despite this, the effect on farmers' incomes will be lessened by larger government payments for participation in crop programs.

Inputs More Costly: The interest, taxes and wage rates farmers paid and prices for production items averaged 21 per cent more in 1964 than in 1950.

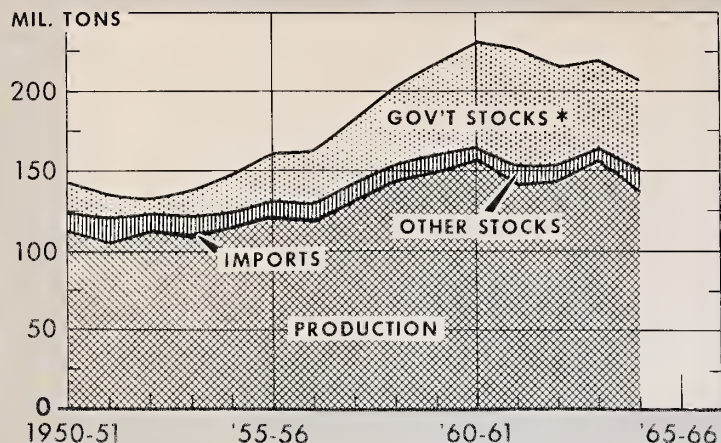
The largest increase was in land prices which have more than doubled since 1950. And farmland values are likely to gain again in 1965.

Farm wage rates and farm machinery prices also have risen more than the average for all purchased inputs. They probably will continue to gain next year.

Fertilizer prices have been relatively stable since 1950 and are likely to remain so in 1965.



FEED GRAIN SUPPLY



1964-65 BASED ON OCTOBER 1 INDICATIONS.
CREDIT CORPORATION.

1964-65 BASED ON AUGUST 1 INDICATIONS.

* UNDER LOAN OR OWNED BY COMMODITY

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3018-64 (10) ECONOMIC RESEARCH SERVICE

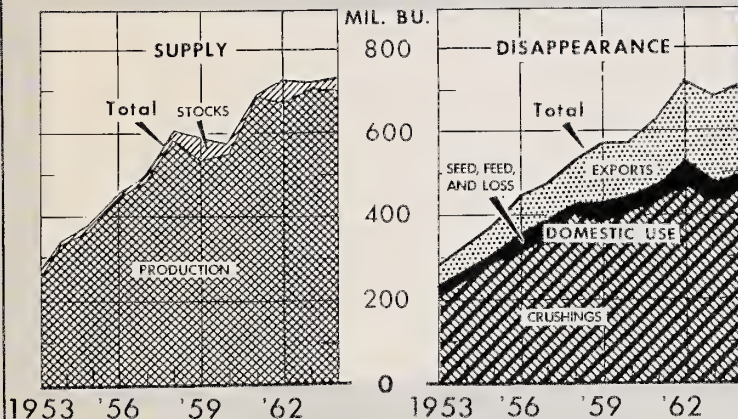
Feed Grain Supply Below 1963-64:

The 1964-65 feed grain supply totaled 206 million tons, down 6 per cent from the 1963-64 marketing year. The reduction is due to the smaller crop this year, estimated in October at 137 million tons, 19 million less than in 1963.

The crop reduction was offset in part by a gain of 5 million tons in the 1963-64 carryover which totaled 69 million tons.

Although a small decline in use of feed grains is likely in 1964-65 from the preceding year, utilization is expected to exceed the 1964 crop by around 11 million tons, reducing the carryover into 1965-66 to around 58 million tons.

SOYBEANS



YEAR BEGINNING OCTOBER. STOCKS AND DISAPPEARANCE FORECAST.
1964 PRODUCTION INDICATED OCTOBER 1.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1366 X-64 (10) ECONOMIC RESEARCH SERVICE

Soybean Supply, Use Rising:

Soybean supplies at the beginning of the 1964-65 marketing year were estimated at a record of about 730 million bushels. A year ago, supplies totaled 717 million bushels.

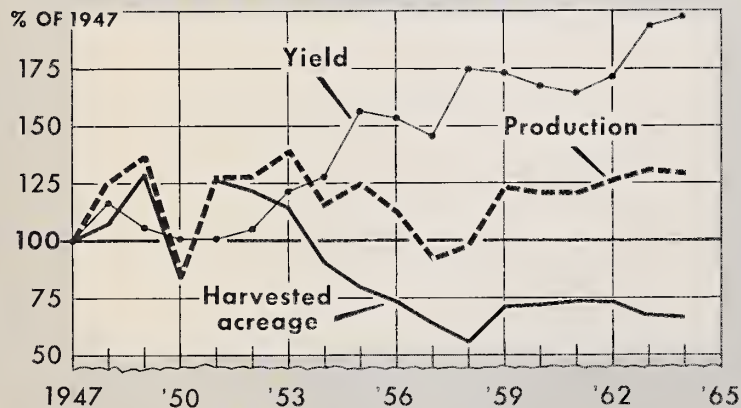
Despite lower yields, production in 1964 is near last year due to a gain in harvested acreage.

Use of soybeans in 1964-65 is expected to follow the long-run uptrend. Crushings probably will be above last year while exports gain slightly and set a new high.

Farm prices for beans are expected to continue well above the CCC support rate during harvest and average close to 1963-64 levels for the year.

COTTON

Acreage, Yield, Production



1964 BASED ON OCTOBER 1 CROP REPORT.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1094X-64 (10) ECONOMIC RESEARCH SERVICE

Cotton Continues Trends: Since the end of World War II, cotton acreage, yields and production have changed considerably. While acreage trended down, yields climbed and more than maintained production on the reduced acreage.

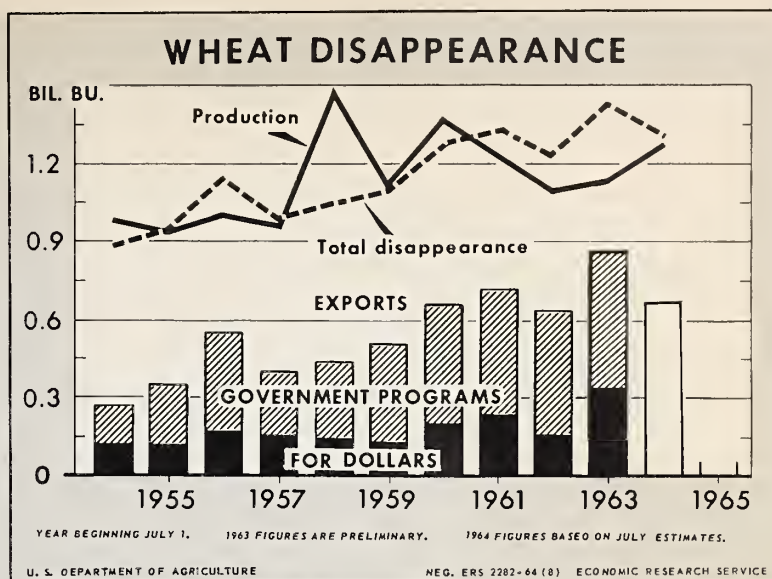
The postwar cotton trends have continued in 1964. Yields are expected to set a new record. They are again boosting output enough to offset a cut of 1 per cent in acres harvested.

The cotton yields indicated for this year are almost double the 1947 figure. Production is up 30 per cent from 1947 on 34 per cent less harvested acreage.

Larger Wheat Crop to be Used: Disappearance of wheat in marketing year 1964-65 is expected to about equal this year's 1,286 million bushel crop—610 million for domestic use and 675 million for exports.

Most of the gain in domestic disappearance will be in use for feed. Use of wheat by millers is expected to be unusually low in 1964-65 because flour stocks held by mills were larger than normal at the end of 1963-64.

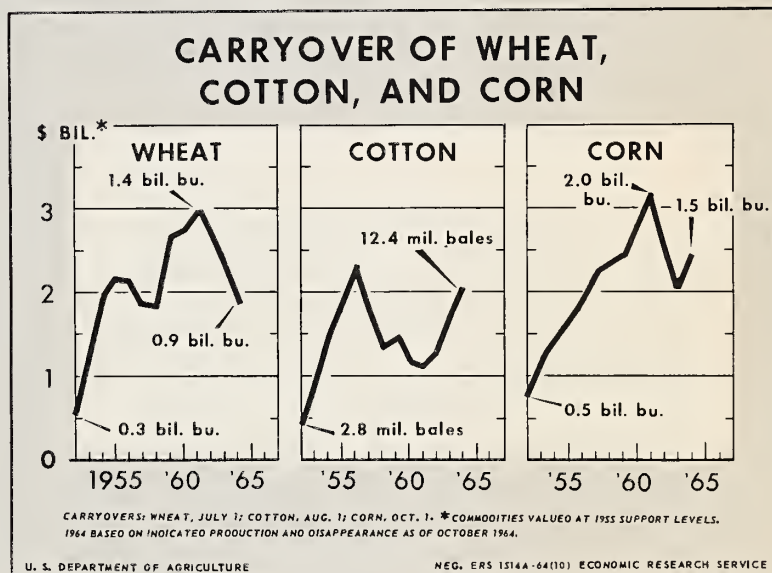
Exports are expected to be down from the record level in 1963-64 because 1964 crops in many countries that bought U.S. wheat last year are improved.



Wheat Stocks Down; Cotton, Corn Up: Carryover of all wheat on July 1, 1964, totaled 900 million bushels, 300 million less than in 1963. Carryover in 1965 is expected to be at about the same level.

Cotton carryover on August 1, 1964, amounted to 12.4 million bales, up over a million from a year ago. CCC stocks were 10.4 million bales.

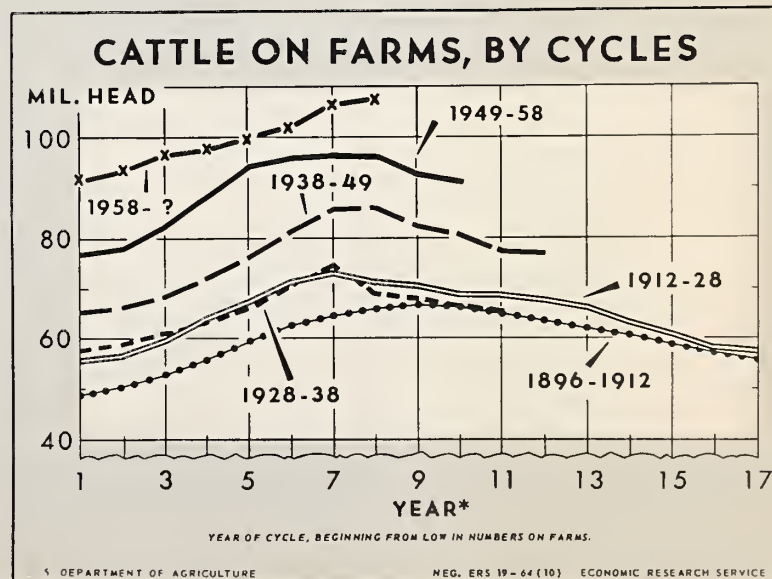
Corn stocks on October 1 were 1,510 million bushels, 164 million higher than at the start of the 1963-64 marketing year. With a smaller crop and a high level of use, stocks next October 1 are likely to be down about 200 million bushels.



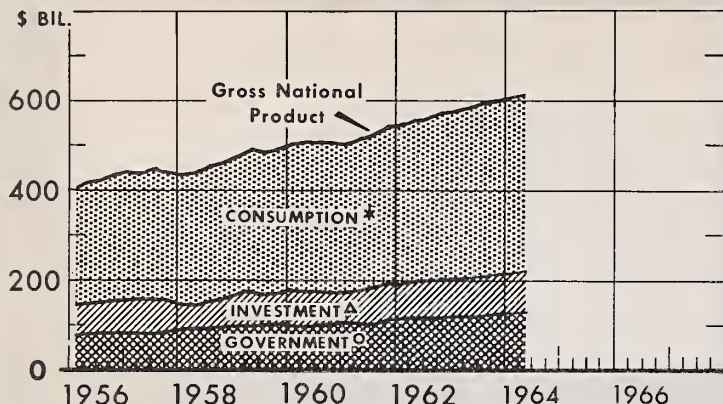
Upswing in Cattle Cycle Slows: The increase expected in the number of cattle and calves on farms on January 1, 1965, over a year earlier may be only a fourth as large as the average gain of 2.5 million head during 1959-63.

The January 1 inventory is likely to be less than 1 per cent above the 106.5 million on farms January 1, 1964. The slower rate of increase in cattle numbers this year has been the result of larger slaughter and a decline in imports of live animals.

The number of cattle slaughtered during the first nine months of 1964 was up 12 per cent over last year.

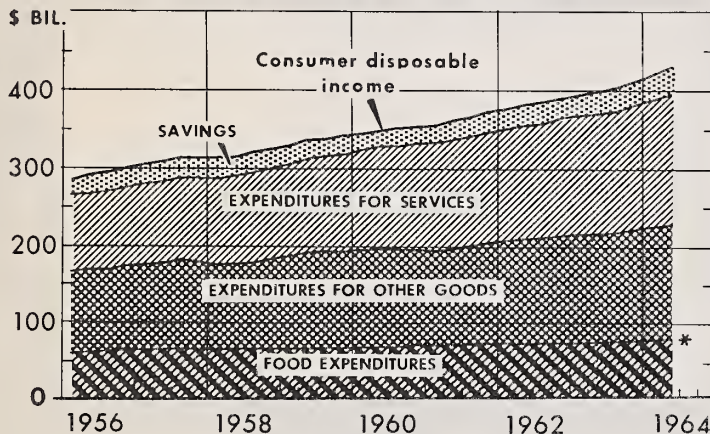


MAJOR SOURCES OF DEMAND



* PERSONAL CONSUMPTION EXPENDITURES. Δ GROSS PRIVATE DOMESTIC INVESTMENT PLUS NET EXPORTS.
 O FEDERAL, STATE, AND LOCAL GOVERNMENT PURCHASES OF GOODS AND SERVICES.
 QUARTERLY FIGURES SEASONALLY ADJUSTED AT ANNUAL RATES, CURRENT DOLLARS. U. S. DEPT. OF COMMERCE,
 U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 1492X-64 (8) ECONOMIC RESEARCH SERVICE

INCOME AND EXPENDITURES

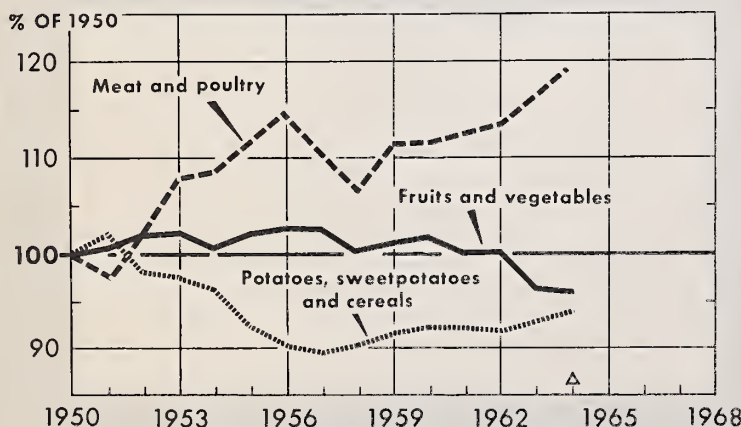


SOURCE: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.
 * ESTIMATES FOR FIRST HALF 1964 BY ERS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2119-64 (8) ECONOMIC RESEARCH SERVICE

FOOD CONSUMPTION PER CAPITA



CIVILIAN CONSUMPTION ONLY, RETAIL PRICE WEIGHTED. Δ PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3266-64 (10) ECONOMIC RESEARCH SERVICE

GNP to Continue Gaining: During July-September this year, the value of all goods and services produced in the U.S. economy reached a level 7 per cent above a year earlier.

Most of the expansion during 1964 has been in the private sector. The rise is largely in consumer purchases of goods and services and business outlays for new plants and equipment.

Prospective gains in consumer buying, business investment and purchases by state and local governments during 1965 indicate a further rise in business activity, though possibly not as large as the big advance this year.

Consumer Incomes Still Climbing: A combination of increased wages and other personal income and reduced tax rates boosted consumers' after-tax income in the third quarter this year to a rate some 8 per cent above the same period in 1963. The gain was roughly 6½ per cent per person. As a result, consumers bought more goods and services and increased their savings.

Consumers' buying intentions for cars, appliances and other durable goods are well above a year ago. Extra income is likely to encourage additional purchases of nondurables and services, too.

Food Trends As Usual: The post-war trends in food consumption continued through 1964 but certain changes are anticipated in the coming year. Meat consumption may stabilize but use of fruits, particularly citrus, is expected to climb from current low levels.

The upswing in use of animal products this year is due largely to strong gains in per capita consumption of beef, veal and poultry.

Per capita use of pork, lamb and mutton and animal fats in 1964 is declining slightly from last year. The same is true for potatoes, sweetpotatoes and other vegetables.

Food Slows Rise in Consumer Prices: Prices for farm foods have helped to blunt the gain in the Consumer Price Index since 1957-59. The cost of farm-originated foods at retail has been about 3 per cent higher in 1964 compared to the 1957-59 average. During the same period, the CPI rose 8 per cent.

Retail food prices have been sluggish despite the general rise in consumer prices over the past few years, largely because farmers have received less for their products. The charges for marketing farm foods went up at about the same rate as the CPI.

Farmer's Share at 1963 Level: Farmers received an average of 37 cents from each dollar consumers spent at retail for farm food this year, the same as the 1963 share.

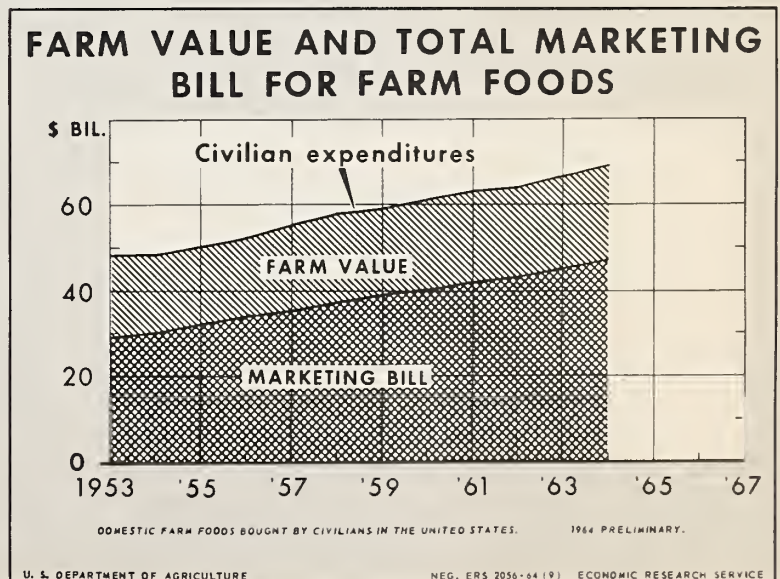
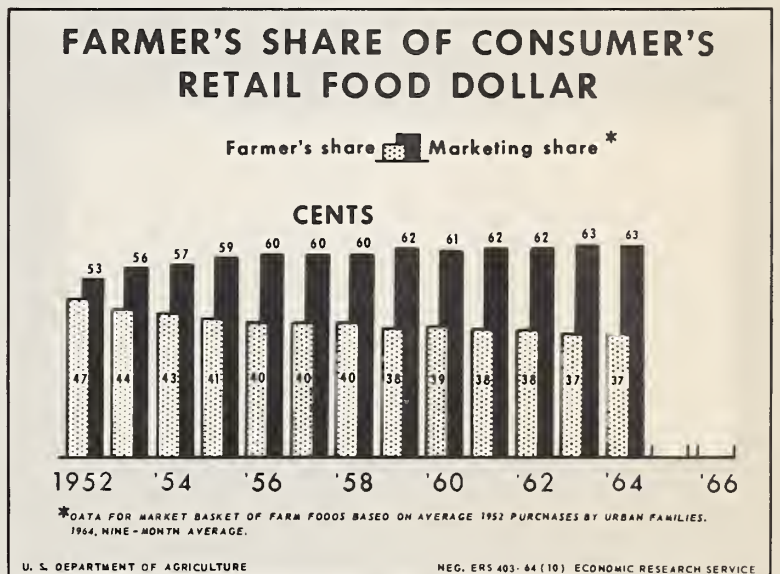
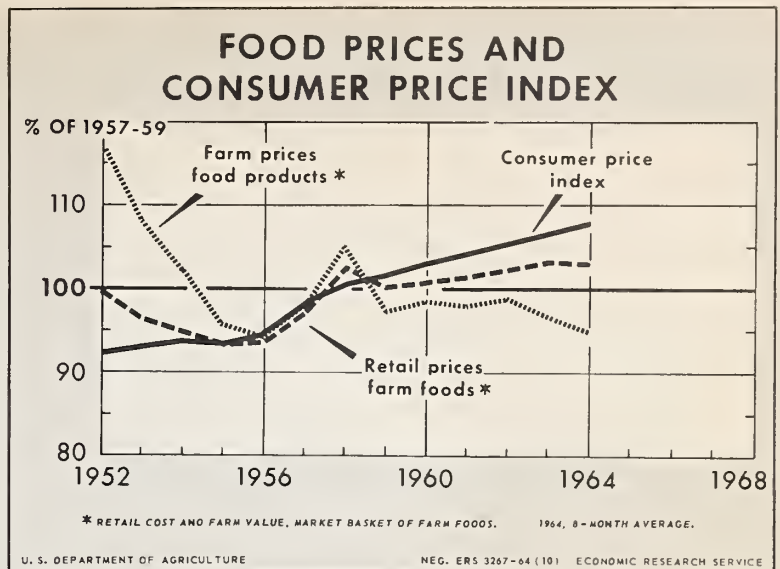
In only one year out of the last 12 has the farmer's share gone up from the preceding year. In the remaining 11 years, it has either declined from the previous year's level or stayed the same.

The rise in marketing charges (as well as declining farm prices) is responsible for the decline in the farmer's share. These charges have gone up mainly because of higher wages and the rising costs of goods and services used by marketing firms.

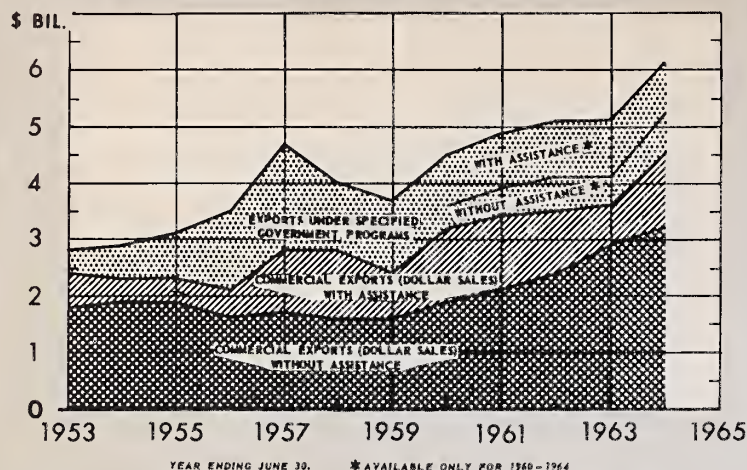
Bill for Marketing Goes Up Again: The cost of marketing farm foods to civilians is expected to total about \$47 billion by the end of the year. The 1964 total will be 4 per cent above the bill for 1963. The increase is about the same as the average rise during the past decade.

Both the volume of food handled and marketing charges per unit increased from 1963 to 1964. Consumers will spend \$69 billion for farm foods in 1964, about \$3 billion more than a year earlier.

The gain in the 1965 marketing bill is likely to be about as large as that estimated for this year.



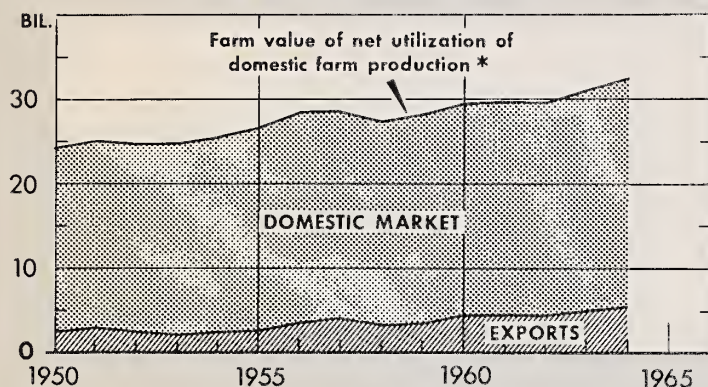
VALUE OF AGRICULTURAL EXPORTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2493-64 (9) ECONOMIC RESEARCH SERVICE

EXPORT MARKET OUTLET FOR FARM PRODUCTION

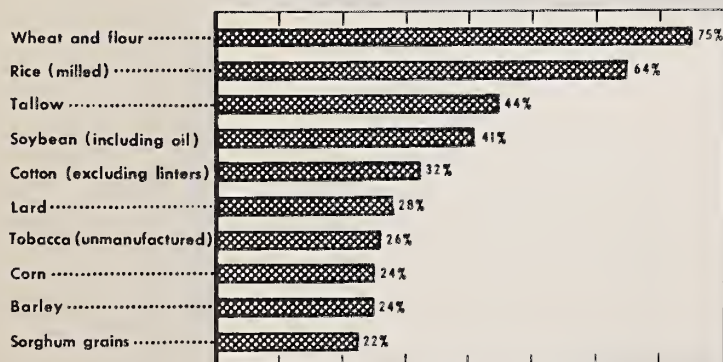


* VALUED USING 1957-59 FARM PRICES. EXCLUDES DUPLICATION OF FEED AND SEED.
1963 PRELIMINARY, 1964 ESTIMATED.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3260-64 (10) ECONOMIC RESEARCH SERVICE

MAJOR FARM PRODUCT EXPORTS DURING 1963-64



EXPORTS COMPARED WITH FARM SALES FOR FEED GRAINS AND WITH PRODUCTION FOR OTHERS.
DATA ARE FOR FISCAL YEAR 1963-64.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3126-64 (9) ECONOMIC RESEARCH SERVICE

Export Prospects Down a Little: U.S. agricultural exports in fiscal 1965 are on the way to another outstanding year in dollar value, and may be only slightly less than the \$6.1 billion record of 1963-64.

Commercial sales may total over 70 per cent of the value of all farm exports. Government-financed shipments are expected to about equal the \$1.6 billion of fiscal 1964.

A sharp decline in wheat exports this fiscal year, due to average or better crops in buyer countries, will be largely offset by larger exports for soybean oil, feed grains and some animal products.

Farm Products Popular Abroad: During the past decade, foreign demand for U.S. farm products has increased more rapidly than domestic demand. Farm exports more than doubled between 1954 and 1964, in terms of constant prices.

Thanks to the large gain in exports during fiscal 1963-64, calendar 1963 and 1964 both went up sharply. Foreign buyers took about a sixth of U.S. production in 1964, compared with less than a tenth in 1954. Domestic utilization of farm products during the past 10 years gained only slightly faster than population.

Farm Exports Shift Gears: During fiscal 1964, the share of lard output exported went up 56 per cent from a year earlier while cotton exports rose 33 per cent; wheat and flour, 29 per cent; tallow, 26 per cent; and rice, 23 per cent. Shipments by share of production were up 13 per cent for both tobacco and barley.

Soybean shipments by per cent of output were down 7 per cent in 1963-64 from the preceding year. Corn exports as a per cent of farm sales were about equal to the level in the previous export year and grain sorghums were down 26 per cent.

South Dakota Farmers Intend to Retire But Few Have Made Definite Plans

Retirement is something relatively new to most farmers. In years past, a farm operator generally continued to work as hard as he could for as long as he could. Although he probably wasn't able to do as much in later years as he did when he was younger, he rarely considered himself "retired."

Nowadays retirement is so much a part of American life that even farmers take it for granted. However, they may not anticipate the same changes in their lives that factory workers or employees of a business firm would consider.

When 575 farmers in South Dakota were asked to describe what retirement would mean for them, most anticipated a move to a different home, preferably one in the rural area or a small town near their farm. Sixty-five per cent thought retirement would result in considerable reduction in their physical labor; 21 per cent thought labor would be completely eliminated. At the same time 38 per cent expected to reduce their management role on the farm substantially and 43 per cent felt it would be cut out entirely.

The average age of the farmers interviewed in South Dakota was around 48. Eighty-five per cent of them said they expected to retire but less than a third had made definite plans. The average preferred age for retirement was 62.

Farmers were more inclined to look forward to retirement if they had above average education, conceived their health as good, indicated adequate retirement income and participated in nonfarm organizations.

The farmers who expected retirement to eliminate labor and who planned to change their residence had the most favorable attitudes toward retirement. Age

influenced attitudes, too—the younger farmers had more favorable opinions of retirement than did the older men.

Farm operators in the study had completed an average of close to 10 years in school. Nearly one-half had attended high school and one-third had graduated. Almost 8 per cent had been to college.

When asked how things were in general and how the future looked, 93 per cent of the farmers interviewed replied that their affairs had worked out fairly well or very well and the future looked bright.

Three-fourths of the farmers interviewed thought their present state of health was either good or excellent. More than half were carrying some form of health insurance. (This compares with 45 per cent of the national farm population with hospitalization coverage.)

The farmers expected that Social Security benefits and income from the farm would be their most important sources of retirement income. Three out of 10 also mentioned income from insurance. Those who expected their incomes to be adequate were much more likely to have definite plans to retire than were those who expected incomes too low to live comfortably.

Seven out of 10 of the South Dakota farmers reported membership in nonfarm organizations such as lodges, parent-teacher groups, veterans organizations and community clubs. These men thought more favorably of retirement than did farmers who belonged only to farm groups, probably because they had more diversified interests.

Net worth and ownership of land were also related to attitudes toward retirement. Three in 10 landowners had made definite plans; only 2 in 10 nonowners. Nearly a third of those with net worth of \$42,000 or over had specific plans; only two-fifths of those with less than \$20,000. (18)

Farm Families Need Variety of Advice Before Starting Recreation Business

When a farm family is considering the addition of a recreation enterprise to their farm business, they should consult every available source of information before they take the final step. Some good sources include:

—Other families in the community who already are operating enterprises similar to the one planned. Families who have failed or who have had less than glowing success with farm recreation businesses often can illustrate the pitfalls.

—Local representatives of insurance companies can provide information on the additional fire, theft and liability coverage that will be needed.

—Public officials should be asked about necessary licenses and permits, local or state taxes to be paid, health standards to be met and other local and state regulations with which the recreation business will have to comply.

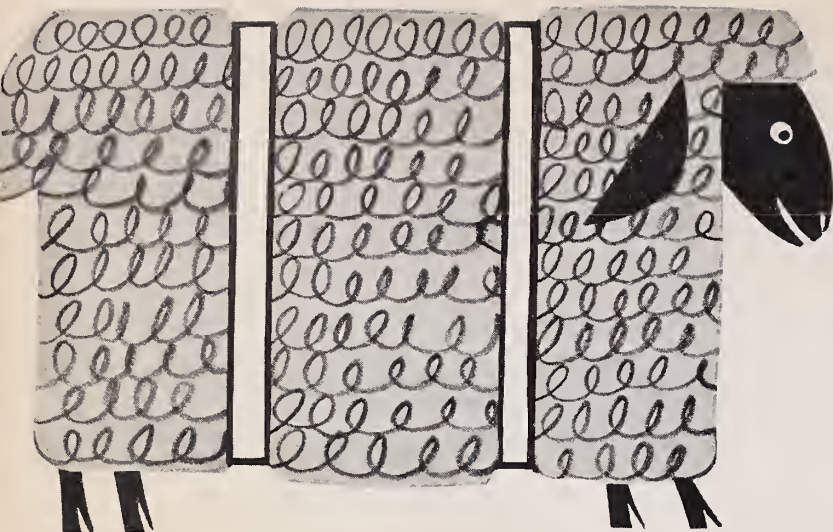
—County supervisors of the Farmers Home Administration have information about financing recreation enterprises on family farms.

—County extension agents offer publications and other educational assistance on starting and managing a farm recreation business. They also can direct the farmer to other government agencies such as the Soil Conservation and Forest Services that offer help with such enterprises. (19)

Community Goals

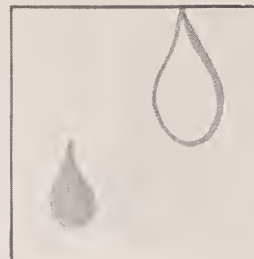
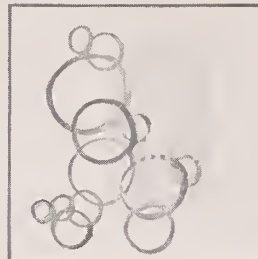
New jobs, adult education, playgrounds, child-care centers—community goals become reality through community action.

Such projects are given special attention in the War on Poverty legislation. It provides up to 90 per cent of the money during the first two years and 50 per cent thereafter. (20)



WOOL MOVING EAST?

It's cheaper to ship wool baled and scoured but other factors retard Western scouring industry.



Almost the entire continent separates wool on the hoof from the looms that turn it into cloth.

Most of our domestic wool comes from sheep ranches in the 11 western states plus Texas; most of our mills are concentrated on the east coast, primarily in New England and the Southeast.

Getting western wool to eastern mills is at best a costly business. This is especially true when 60 to 70 per cent of the weight transported is trash riding piggyback in the unscoured wool. Also adding to the transportation cost are the bulky bags in which much of the wool clip is shipped; bags don't fit compactly in boxcars and truck trailers or stack well in warehouses.

Seemingly obvious ways to reduce transportation costs pop up like tops. Move the woolen mills west. Clean the wool before it's shipped. Develop more compact shipping containers.

Moving the mills closer to western sources of supply isn't too likely because of limited water resources, distance from eastern sources of nonwool fibers needed for blending and, of course, the problem of shipping the finished material back to eastern garment makers. Also, wool manufacturers apparently like to stay close to eastern ports of entry, since they have to buy a great deal of im-

ported wool to supplement domestic supplies.

However, a new ERS study takes a close look at the other two possibilities for cutting transportation costs—better containers, scoured wool.

For better shipping, the study recommends baling. One method is to remove the fleeces from bags and bale them like cotton. Another method, developed by a Texas trucking firm a decade ago, is to bale together three to six bags of fleeces.

What baling has done is make wool traffic, long a railroad monopoly, truly competitive traffic. Whereas trucks can't economically haul the bulky single bags, bales stack well and add up to a weight load trucks can haul economically. What's more, wool moves by truck as an agricultural commodity exempt from ICC economic regulations. This gives truckers a little more leeway than railroads in setting rates.

Why, then, isn't all raw wool shipped in bales?

One reason is that western shippers, usually warehousemen, don't always know what costs are involved in buying and operating balers. The study shows that many small warehouses such as those in Texas are probably better off using the baling facilities of trucking firms. But most ware-

houses in the 11 western states, handling larger volumes of raw wool, would do better to buy their own balers. Savings in the cost of transportation, storage, sampling and the like would more than offset the cost of equipment and labor.

As for building more scouring plants in the West to clean the wool and thus reduce its weight before it starts the long haul east, the ERS study shows success would be questionable at best.

Economists analyzed transportation rates for wool by rail and truck, from nine western cities to three eastern receiving centers. The nine cities were chosen only as examples of possible scouring plant sites. The data indicated that the cost of moving the western wool clip to eastern mill centers may be cut substantially if the wool is scoured locally before shipping.

Regardless of the transportation advantage, new scouring plants in western wool producing areas might well find themselves in business—but with no business to be had.

The real problem is the multitude of different characteristics manufacturers require in wool to produce everything from men's fine worsted suiting to baby blankets.

These characteristics are hard

to detect after the wool is scoured, particularly the good combing qualities so essential in making worsteds. And worsteds are a primary market for western wools.

Thus, in practice, woolen and worsted manufacturers prefer to buy unscoured wool and have it classified and cleaned according to their individual specification.

The relatively few scouring plants now operating in the West work mostly for small local mills, scouring the wool according to the specification of each mill.

A western scourer, buying the wool clip from ranchers and cleaning it in hope of resale, would be hard pressed to market much of the finished wool to advantage.

Best bet, the report concludes, for prospective scouring plants located near western sources of supply is to work on a commission basis for the established mills, most of which are in the East. Yet even this business appears limited. Most mills have long since established satisfactory patterns of doing business with eastern scourers and aren't in a hurry to change. (21)

New as Irradiation, Old as Sundrying, Processed Foods Continue to Evolve

Newer, newest—these are the words for the ever-changing parts of the marketing system. Here are some of the latest variations on the old business of turning farm products into food and clothing.

Canning. Canned foods, around since the day Napoleon needed a way to sustain his troops, are now produced by a number of new systems which are replacing the old method of sterilizing food and container together. Aseptic and hydrostatic canning, for example, make it possible to sterilize product and can separately, resulting in better quality and sometimes lower costs.

Freezing. Freezing, like any half grown youngster, changes

practically overnight. One of the more recent innovations is quick, "quick" freezing, which drops the product temperature to minus 300 degrees. Costs are high as yet but the process makes it possible to freeze such items as sliced tomatoes.

Drying. Drying, almost as old as agriculture itself, is also subject to change. Fluidized beds and foam-spray drying are a couple of the more recent techniques.

Radiation. A twentieth century process, radiation for food is just barely beyond the experimental stage. It appears, however, to have commercial possibilities. Recently several foods have been approved for sale to the public.

Continuous conveyors. Water flumes for potatoes and some fruits, high speed pneumatic tubes for grains and vegetables, augers to lift grain to elevators, and pipelines for sugar, milk or fruit juices are a few of the newer ways to keep food supplies on the move.

Bulk containers. With oversize pallet boxes and special fork trucks to carry them, numerous little units are now loaded, hauled or dumped in one big move. At grain elevators, for example, an entire railroad car becomes the container when a kingsize machine tilts the whole thing and dumps the contents.

Vending machines. Already a fixture in the business of marketing foods, the vending machines are constantly dispensing newer and more elaborate foods. For a coin and the push of a button, the machines now provide everything from hot and cold drinks to soups, stews, baked beans and even hot prepared meals.

Kitchen equipment. Not the least important part of the marketing system is the equipment used by the American housewife. One example: freezing compartments in the refrigerator are as essential to the frozen food industry as they are to the family dinner menu. (22)

OUTLOOK FOR MARKETING

Unit Marketing Charges Edging Up To Raise Retail Food Costs Slightly

Unit marketing charges are expected to edge up again next year, but not more than 1 or 2 per cent over 1964. As a result, retail prices of farm foods may average slightly higher.

Small but steady increases seem likely next year as in years past in the cost of goods and services purchased by food marketing firms and in hourly earnings of food industry workers. These costs incurred by marketing firms will account for the expected increase in unit charges in 1965.

Consumers have spent \$69 billion for farm foods in 1964, some \$3 billion more than in 1963.

Of the \$69 billion spent, some \$47 billion is the marketing bill—the cost of transporting, processing, packaging and distributing food products from the farm gate to the family table.

The \$47 billion marketing bill this year is 4 per cent above 1963. This increase is about equal to the average annual rise during the last 10 years.

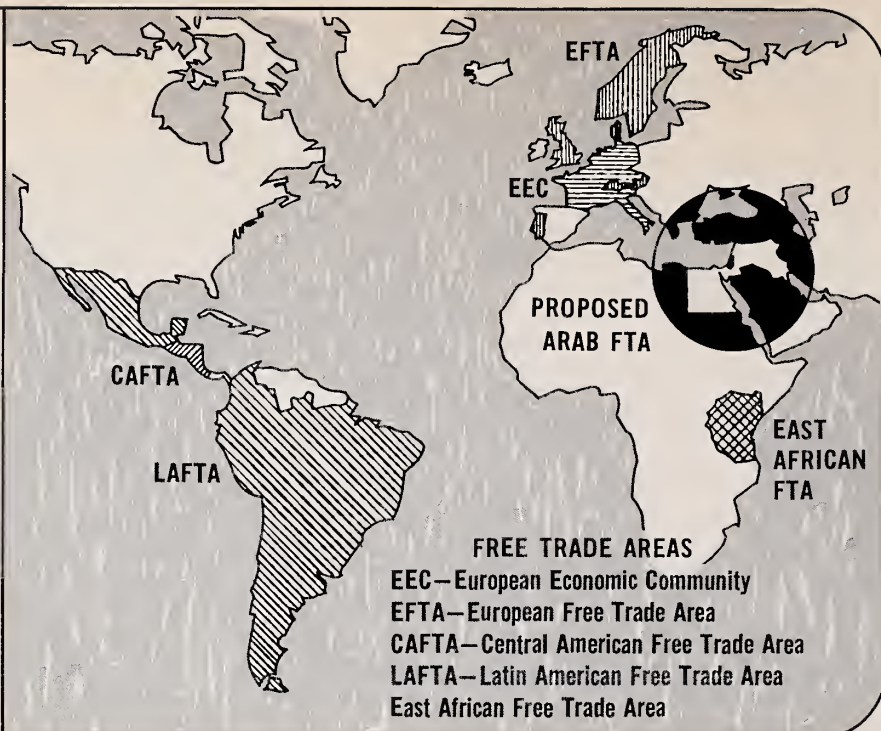
Hourly earnings of workers are up again this year, but higher productivity per worker will no doubt offset much of the extra cost. From 1953 to 1963 average hourly earnings of these workers climbed 48 per cent. However, higher output per worker held the rise in unit labor costs to 12 per cent.

Both the farm value and the retail cost of foods in the market basket are running about the same this year as last. Farmers this year will get about 37 cents of each dollar consumers spend for food at retail, the same share as 1963, but 3 cents less than the 1957-59 average.

The 1965 prospect is for a slight drop in the farm value of the market basket, due to lower prices for potatoes, eggs, turkeys and a few other products. (23)

the idea
spreads:

Now an Arab Common Market



Common markets are getting commoner every year.

Five Arab nations are now setting up their own economic union, effective the first of the year. The five, clustered at the eastern end of the Mediterranean, are the United Arab Republic (Egypt), Jordan and Syria, largely agricultural, plus oil-rich Iraq and Kuwait.

The Arab Five have undoubtedly taken note of the success of the EEC Six. Intra-EEC trade has doubled, from \$7,030 million in 1957, the year before the market was set up, to \$15,491 million in 1963.

Younger and less closely organized than the EEC, the two trade groups in our own hemisphere have seen business move ahead, too. Founded in 1961, the Central American Free Trade Area (CAFTA) doubled trade among members, from \$32.7 million in 1960 to \$67.6 million in 1963.

Nearly the same thing has happened, on a larger scale, in the Latin American Free Trade Area (LAFTA) founded in 1960. In 1961 trade among members came

to \$360 million. By 1963 intra-LAFTA business was up to \$525 million.

Other going concerns are the European Free Trade Area and the East African Free Trade Area. The first group includes most of Western Europe outside the EEC. The second is comprised of Kenya, Uganda and Tanganyika-Zanzibar.

The new Arab Common Market provides for a lowering of trade barriers by each member to the products of the other members. There will be free exchange of currency and skilled labor. And transportation facilities will be cooperatively shared.

The Five have much to offer one another. Egypt, Jordan and Kuwait, which exist on a marginal level of farm production, must depend heavily on food imports. Conversely, Iraq and Syria in most years produce a surplus of major food items. With a combined population of some 30 million, Egypt, Jordan and Kuwait could adsorb the surplus grain, livestock and livestock products of both Syria and Iraq. In ex-

change, Syria, for instance, might well take more Egyptian rice and some citrus.

As the most industrialized of the Five, Egypt could also process Syrian hides and skins into leather goods for export to Western Europe and other world markets.

Free movement of people would do much to even out the peaks and valleys in the skilled labor market. Egypt is said to have more skilled technical personnel, both in agriculture and related industries, than it can place. Syria and Iraq are short of skilled manpower.

The new union will have little effect on U.S. farm exports to the area in the near future. Most of our shipments, chiefly wheat, aren't dollar sales but government-sponsored exports. Only if the union spurs members to up farm output significantly could U.S. markets be affected. By the very magnitude of the task, this is a long-term proposition.

What does seem likely is that, if the Five succeed, the economic union will expand to include much of the Arab world. (24)

Genesis of New Economy Seen if Turks Can Update Farms, Irrigate Arid Land

When the Flood subsided, Noah and the Ark, according to Genesis, came to rest on Mt. Ararat. Today the mountain towers not over a fertile floodplain but over the vast drought-ridden plateau of Anatolia which, except for a narrow coastal belt, comprises the Republic of Turkey.

While most of the country is ill-suited to farming, agriculture nevertheless supports most of the people and provides 85 per cent by value of all exports. Half the population, some 15 million, lives in small villages on the Anatolian plateau, trying to wrest a living from farms of 12 to 25 acres—farms too small and too fragmented to be economically mechanized. In 1961 only 8 million acres of 49 million cultivated throughout Turkey were machine-tilled.

Important as water is in this semi-arid country, only 5 million acres are under some form of irrigation, much of it primitive.

U.S. aid in recent years has been used to finance expanded irrigation systems, including construction of large storage dams, and exploitation of underground water supplies. But the average farmer hasn't acquired the technical skills or he is reluctant to break with tradition and follow official advice in planting and irrigating new or better varieties of crops.

Water isn't the only problem. The soil has lost much of its fertility through centuries of farming by traditional methods; most farmers can't afford chemical fertilizer or even manure, which is saved for fuel. Moreover, pasture lands are badly overgrazed. Disease and pest control and use of selected seed are very limited.

Despite the obvious drawbacks, Turkey must now raise yields on its farms fast enough to keep up with a population increasing by

nearly 1 million yearly.

Any hope of relying on new acreage to increase food production has vanished. In the last 20 years or so the nation has actually doubled farm acreage. But much of this is marginal land and yields haven't gone up in proportion to the new land planted. Nowadays there's talk of actually retiring some less productive acreage.

On the plus side, Turkey can point to a modernization program which, though still small, is well launched. Today some 75 per cent of all wheat is combined. There are growing numbers of tractors and such grain handling machinery as drills and seed cleaning fans. Also, Turkey has a reasonably good road system.

The U.S. since 1954 has supplied the greater part of Turkey's farm imports, mostly under P.L. 480 assistance. Cash dollar sales have been relatively low and there's little promise for much increase in cash markets in the next few years. (25)

Tanganyika-Zanzibar Union Gives Both Stronger Base to Develop Economy

On April 27, 1964, Tanganyika and its tiny neighbor, the island of Zanzibar, merged in a united republic. The purpose of the merger was to broaden the economic base of the two countries and to quarantine the area against a spread of Peking-controlled communism.

Two weeks later, President Julius Nyerere announced a \$688.8 million five year development plan, the first of three plans scheduled.

If the new nation can maintain its political integrity, while solving some of its more pressing agricultural problems, it stands a chance of taking a leading place in the economic life of eastern Africa.

Sisal, cotton and coffee dominate the country's trade and economy, accounting for over 60 per cent of the value of all exports in

1963. Tanganyika is, in fact, the world's leading producer of sisal which alone is worth over one-fourth the value of the nation's total exports.

The United Kingdom is the country's major customer, purchasing a third of the exports in 1963. West Germany and the United States, each taking about 8 per cent of Tanganyika's exports, are the second and third most important markets. The United States, however, is the biggest buyer of the nation's coffee, using about \$6 million worth of Tanganyikan coffee a year.

With 9.8 million persons and a population growth of 1.8 per cent a year, Tanganyika's output has recently been growing at an annual rate of about 5 per cent. It is anticipated that the growth rate will accelerate to 6.5 per cent by 1970.

The government in Dar es Salaam hopes to improve agricultural and general economic development in a variety of ways:

—An attack on illiteracy. While few Tanganyikans as yet get beyond the fourth grade, the number of children receiving some education is rising. In 1947, about 124,000 attended school; by 1960 the figure was 450,000.

—More agricultural research and training.

—Greater control of plant diseases and pests. The Produce Inspection Service enforces rigid inspection of incoming grain shipments and storage facilities to prevent infestations of the Khapra beetle. Tanganyika and Kenya have been cooperating for years in a campaign against the Sudan Dioch, a voracious grain eating bird that inflicts severe damage on crops.

—Increased irrigation and flood control. The creation of tribal farms, such as plantings at Mbarali in the southern highlands, is expected to help solve some of the problems involved in the future, large-scale irrigation and reclamation projects. (26)

Nigeria Celebrates Its Fourth Birthday With Bustling Economy, Some Problems

Just four years ago the Union Jack came down in Ibadan. Nigeria was independent.

From the British the new nation inherited a good administrative system, comparable to that left in the Sudan, good schools and a going program of agricultural research and extension.

From their own tribal past, the Nigerians inherited a firm belief in the value of trade. A thousand years ago camel caravans carried rare red Nigerian goat skins 1,100 miles north across the Sahara to provide Morocco with leather for the bookbindings that became world famous.

Today Nigeria relies on trade for much of its national income. Aside from petroleum, a recent discovery, plus tin and tropical woods, trade means farm products.

Here Nigeria is more fortunate than many of its neighbors. With the climate and terrain ranging from coastal rain forest to dry plains, Nigeria grows a number of crops in active demand in world markets. It's the world's largest exporter of peanuts and palm kernels, the second largest shipper of cocoa beans and palm oil. It's Africa's No. 1 producer of rubber. All told, farm exports account for 75 to 85 per cent of Nigeria's exports in any given year.

At home, electric power and transportation are not yet sufficiently developed. However, a new 400-mile railway line, to be finished next year, is pushing through the largely isolated north-east region to within a few miles of the Chad border. And the Kainji dam, financed chiefly through the World Bank, will improve the Niger River as an artery for barge traffic much like the Mississippi. It will also provide for irrigation and hydroelectric power.

Light industry is rapidly devel-

oping, too. Nigeria at independence had only one cotton mill; today there are several in operation or abuilding.

While Nigeria's economy is better off than most in Africa, it's not without problems, foremost being too many people. No bigger in area than many of the continent's 34 other independent nations, Nigeria nevertheless has a full 20 per cent of the continent's total population. And this population is growing at a rapid rate, between 2 and 3 per cent a year. Despite a substantial increase in national income since prewar, the swelling population holds per capita income at just \$85 a year.

Although Nigeria started off with a nucleus of trained technicians and management personnel, it needs many more. Until recently relatively few bright youngsters majored in agriculture at high school and college. There was strong national sentiment that agriculture lacked status.

Independent Nigeria has added three universities to the one (Ibadan) operated under the British administration. Each has a college of agriculture with a growing enrollment.

Nigeria's agricultural research is far ahead of farm application. When farmers try new methods, results can be spectacular. For example, this year's cocoa crop, estimated at some 220,000 metric tons, is nearly double the 1955-60 average, largely because producers have accepted chemical spraying as a way to control cocoa disease and insects.

By and large, however, farmers are slow to see the advantage in new ways. One of Nigeria's pressing needs is a vastly expanded extension service.

Recognizing Nigeria's economic potential, both the governments of the United States and Britain, as well as private foundations, are providing assistance to the fledgling republic. After Egypt, Nigeria is the largest recipient in Africa of U.S. foreign aid. (27)

Nigeria Will Be Strong Dollar Market For U.S. Wheat, Dry Milk by 1975

Projections to 1975 show a mixed future for U.S. exports of farm products to Nigeria. Outlook for wheat is excellent; for milk and tobacco, good. For meat products, practically nil.

These and other projections of U.S.-Nigerian trade a decade hence appear in a summary of a study made under ERS contract by the University of Edinburgh.

Wheat. The U.S. can expect shipments to the West African republic to double, from 2.2 million bushels in 1965 to 4.2 million in 1975. In both years the U.S. is projected to supply two-thirds of Nigeria's total wheat imports.

Back of this yeasty demand outlook is a growing interest among Nigerians in bakery products, a new experience for many. A large flour mill was opened near Lagos in 1962. Another is planned for Port Harcourt.

The government is trying to promote wheat production in order to curtail imports. But it's doubtful if good milling quality wheat can be adapted to Nigeria's soil and climatic conditions without a major research breakthrough.

Tobacco. Although Nigeria will have more people to buy cigarettes and other tobacco products, imports of unmanufactured tobacco in 1965 and 1975 will remain close to the 1960 level, and well below the 6.1 million pound average of the 1950s. But the U.S. is expected to retain some 67 per cent of the market, quantity basis, and 80 per cent of the market on a value basis.

Reduced imports are due in part to Nigeria's own stepped-up production of tobacco. Then too, the 1960 tax hike on cigarette brands containing flue-cured tobacco has led manufacturers to lower the flue-cured content, which in turn has cut back imports of U.S. flue-cured tobacco.

Dairy Products. Nigeria won't come close to producing all the milk it needs by 1975. The Netherlands, which commanded 95 per cent of the condensed milk market in 1962, will continue to furnish most of the condensed milk.

But the fastest growing market is for dry milk. More conscious each year of the importance of milk in their otherwise high-starch, low-protein diet, Nigerians have increased dry milk imports thirty-fold since 1949.

So far U.S. commercial exports of dry milk have been zero. But prospects are good for the next decade or so if preceded by a carefully presented promotion effort. Assuming such advance planning, the study projects U.S. dry milk sales by 1975 at close to 6.9 million pounds.

Meat. U.S. exporters can expect no real market for meat products in Nigeria in the foreseeable future. The study therefore makes no projection. Less than 50,000 people, mostly Europeans and some high income Nigerians, can afford imported meats.

Nigerian importers have indicated that U.S. meat products aren't competitively priced. Most imports come from the United Kingdom and other European sources. (28)

EXPORT OUTLOOK TO 1970

Overseas Markets Half Again as Big As 1960's Seen for U.S. Food Exports

What's the long-term outlook for U.S. markets abroad?

By 1970 U.S. exports of food should be 50 per cent above the 1959-61 average. Wheat shipments will climb 27 per cent; coarse grains, 56 per cent; rice, 67 per cent; vegetable oils and oil seeds, a whopping 90 per cent.

Along with lard and tallow, the above commodities will still account for 80 per cent of our total food exports just as they did in 1959-61.

The other frontrunner by 1970

TRADE WIND \$1.5 BILLION BETTER BY 1970



The next five years will see Northern Europe become a \$1 billion plus market for U.S. foods, all dollar sales. This doesn't count such nonfood products as cotton and tobacco. Japan will remain our biggest single country cash market, upping its purchases by some 135 per cent for a total of nearly \$500 million in 1970. Value of exports to Southern Africa, West and Central Africa and South Asia will double or better. The world as a whole will take \$1.5 billion more in U.S. foods than it did in 1959-61.

Country or subregion	U.S. food exports ¹			Share of market	
	1959-61 average	1970	Change 1959-61 to 1970	1959-61 average	1970
	Million dollars		Per cent	Per cent	
Canada ²	367.2	476.2	+ 29.7	11.5	9.9
Mexico	37.3	37.3	0	1.2	.8
Central America and Caribbean	144.6	90.1	- 37.7	4.5	1.9
River Plate ³	8.8	2.2	- 75.0	.3	—
Other South America	201.7	328.1	+ 62.7	6.3	6.8
Northern Europe	912.1	1,287.7	+ 41.2	28.5	26.9
Southern Europe	243.0	292.0	- 20.2	7.6	6.1
Soviet Union	5.2	—	—	.2	—
Other Eastern Europe	142.6	147.4	+ 3.4	4.4	3.1
North Africa	184.3	316.5	+ 71.7	5.8	6.6
West and Central Africa	30.8	60.8	+ 97.4	1.0	1.3
East Africa	4.8	7.8	+ 62.5	.1	.2
Southern Africa	9.4	23.1	+145.7	.3	.5
West Asia	179.3	275.8	+ 53.8	5.6	5.7
South Asia	333.6	668.3	+100.3	10.4	14.0
Japan	209.6	491.6	+134.5	6.5	10.3
Other East Asia	181.4	276.8	+ 52.6	5.7	5.8
Communist Asia	—	—	—	—	—
Oceania ⁴	3.9	4.4	+ 12.8	.1	.1
WORLD TOTAL	3,199.6	4,786.1	+ 49.6	100.0	100.0

¹ Computed value based on weighted average price per ton, 1959-61.

² Includes transshipments.

³ Argentina and Uruguay.

⁴ Australia and New Zealand.

will be nonfat dry milk, expected to double its 1959-61 shipments.

Exports of meat, excluding poultry, are expected to climb by 93 per cent. Poultry and fruits should go up nearly one-half.

These projections are made in a new ERS study, by region and country, of the world supply of and demand for food by 1970.

Because the study deals with food production and needs, projections were not made for U.S. exports of nonfood items—cotton, tobacco and the like.

What will be our major export markets by 1970?

Japan will be our best single-country market through 1970. Northern Europe will remain our best regional customer, buying 41 per cent more U.S. products than in 1959-61. Yet its share of U.S. exports, at 27 per cent, will actually be down 1 per cent from the base period.

South Asia, including India, will double imports of U.S. foods by 1970. The subregion will up its share of our world market to 14

per cent, from 10 per cent in 1959-61. Much of the increase will be due to stepped-up foreign aid shipments, especially wheat.

Several subregions are expected to take less from the U.S. by 1970 than they did in 1959-61. But only one—Central America and the Caribbean—was a significant market for U.S. food exports to start with. The decline in this market is due to the loss of the Cuban trade. (29)

EXPORT OUTLOOK FOR 1965

Another Outstanding Year In Prospect For U.S. Sales of Farm Commodities

Fiscal 1965 will be another outstanding year for U.S. farm product exports. In fact, the coming year likely will be the best ever, except for the phenomenal \$6.1 billion of 1964. (*See chart on p. 20 in Outlook Supplement.*)

Wheat shipments will be around 675 million bushels, a more normal level than 1964's record 860 million.

There'll be declines too in exports of tobacco, rice, tallow, lard, butter, cheese, wool, barley, rye and oats. But these declines will be pretty much counterbalanced by larger shipments of corn, grain sorghums, edible vegetable oils, protein meal, soybeans, nonfat dry milk, poultry meat, and hides and skins.

Supplying fast growing livestock industries in Western Europe and Japan, U.S. feed grain exports will likely climb to 16.4 million metric tons, toppling the previous record set last year at 16.1 million.

Exports of variety meats, as well as hides and skins, are expected to be the highest ever this year. Dairy products will be up about 10 per cent by value over last year.

U.S. frozen poultry will be bought by about 85 countries. Taking more frozen poultry this year than last will be Western Europe, Canada, Hong Kong, Japan, Peru and the Caribbean islands. (30)

Foreign Spotlight

COMMUNIST CHINA. Peiping is still shopping world markets for food grains to make up deficits in its own production. A new contract with Argentina calls for a million metric tons of wheat for delivery in 1964 through 1966. Negotiations are underway with France, which has a large export surplus this year, and with Australia. Canada's 1963 agreement to supply wheat has two more years to run. In all, China has bought over 22 million tons of grain, worth \$1.5 billion, since it first turned to free world suppliers in 1961.

INDIA. As food grain shortages grow daily, big producers and dealers are said to be hoarding supplies in expectation of higher prices. Despite larger grain imports, mostly from the U.S., shortages promise to be chronic. India's grain crop this year will likely be no better, no worse,

than the last three. But today there are 30 million more people to feed than three years ago. It's population pressure rather than crop failure that keeps India on a treadmill.

FRANCE. One side effect of the Common Market's growing economic unity: French firms will make more marketing decisions with an eye not on France but on this broader market. Result? A partial international orientation of the French economy, which will affect the nation's approach to its own fifth postwar development plan. In short, the national plan will have to be more flexible to accommodate the uncertainties resulting from France's Common Market obligations. This view was expressed recently by the Fifth Plan director. The agricultural objectives of the Fourth Plan, expiring next year, have included raising farm income and living standards, increasing production and better marketing and distribution systems. (31)

Scientists Search Out Flavor Source To Enhance Taste of Processed Food

Explosion puffing, freeze drying, liquid nitrogen freezing—all these innovations in food processing are bringing us foods in forms seldom dreamed of a few years ago.

Rapid freezing with liquid nitrogen promises fresh frozen tomato slices. Thus far these and similar foods have stymied the Jack Frosts of the food industry.

Before freeze drying was tried on strawberries and peaches, raisins were about the only fruit available mixed with dry cereals.

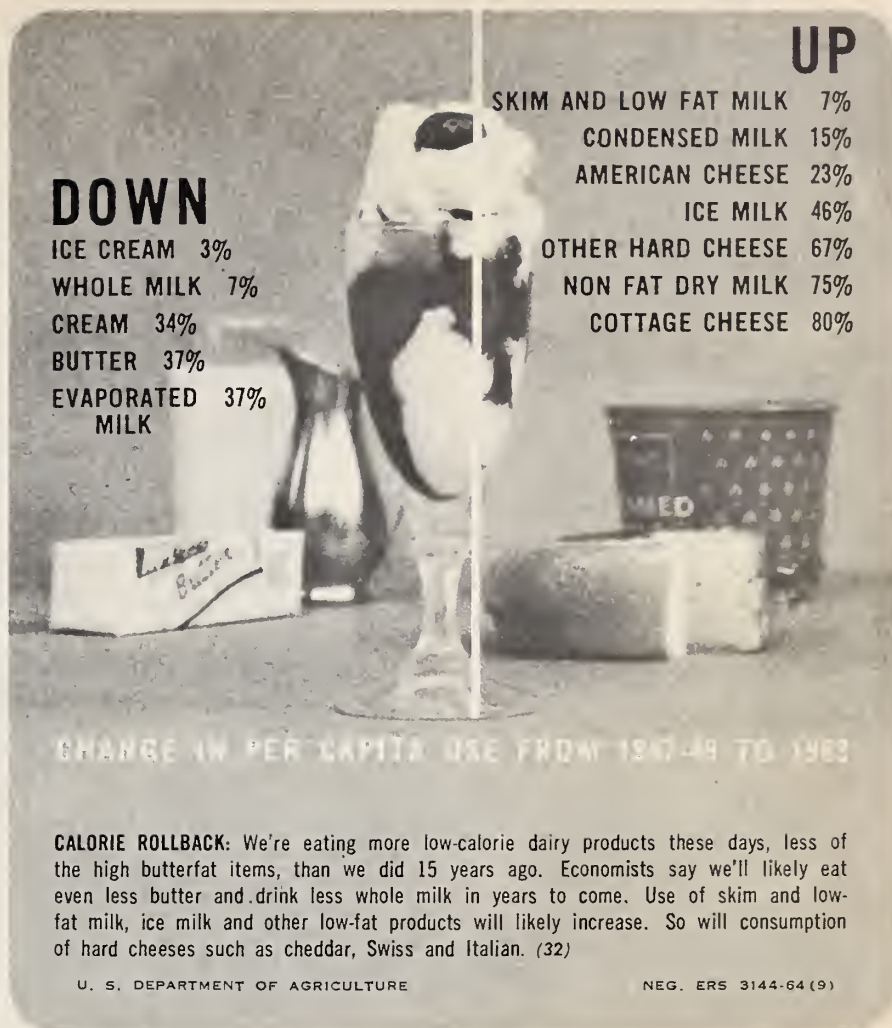
And the explosion puffing that yesterday gave us new forms of dry cereals is today adding apple slices and blueberries to instant mixes for pies, muffins and turnovers.

These are just a few of the new processes that are already having an impact on what and how well we eat. Recent discoveries from basic research will have an even more profound effect on food consumption in the future.

For instance, it is now possible to isolate and identify the complex chemicals that are the flavor components of foods. By a new technique of chemical analysis called **chromatography** the food industry can find the secrets of the natural flavor of almost any food. Synthesis of natural flavors will come next.

Processors will be able to enhance the flavor of a food or synthesize a new flavor and give it to entirely new food forms. Flavor uniformity can be maintained for raw materials grown, handled and marketed under a wide variety of conditions. A canned pea will taste just like a fresh pea right out of a home garden.

We've long used naturally occurring **enzymes** to make wine and beer, bake bread and tenderize meat. A new twist in tenderizing meat is to treat cattle with



injections of certain enzymes just prior to slaughter. This improves good meat and makes lower quality cuts more palatable.

Enzymes act as bio-chemical catalysts, causing the production of the specific chemicals necessary in all living matter. In the space age, they may be used to produce protein materials by a mixture of bacteria with suitable nutrients in a closed system.

Fabricated **protein** products are near the commercial development stage in the laboratories of several major food manufacturers. Thus far, it's been possible to fabricate synthetic ham, chicken and turkey. The only thing missing is the fat, but dieters won't mind.

Another important advance in food processing is **radiation preservation**. We're already preserving bacon and grain with atomic energy. This method preserves without heat, so the consumer will have a food more nearly like a fresh product in terms of color, odor and flavor.

Radiation pasteurization, using a smaller dosage of radiation than for preservation, can extend the shelf life of fresh fruits and vegetables and other fresh foods. Fresh produce, meats and fish are more expensive now than need be because the price we pay has to make up for spoilage. So far, fish and shellfish products show the most promise for shelf-life extension with this treatment. (33)

MEAT PRICES—1954 VS. 1963: Retail meat prices haven't kept pace with the rise in our take-home pay. In fact, the average price per pound for ham, bacon and chicken has dropped. The first price is the average paid by consumers in 1954 and 1963 (Bureau of Labor Statistics figures). The second column shows what consumers would have paid in 1963 if the cost of meat had gone up 34.5 per cent along with incomes. And the last takes out the effects of inflation. The price reflects only the 18.8 per cent increase in purchasing power since 1954.

Meat	Year	Actual price per pound	Estimated price in 1963 if price had changed at same rate as—	
			Per capita take-home pay	Purchasing power of 1963 dollar
			Cents	
Chuck roast, blade-in	1954	51.4		
	1963	60.3	69.1	61.1
Rib-roast	1954	70.3		
	1963	83.7	94.6	83.5
Hamburger	1954	40.6		
	1963	51.3	54.6	48.2
Pork chops, center cut	1954	86.3		
	1963	88.2	116.1	102.5
Ham, whole	1954	70.0		
	1963	60.7	94.2	83.2
Bacon, sliced	1954	81.7		
	1963	68.3	109.9	97.1
Veal cutlets	1954	109.8		
	1963	151.5	147.7	130.4
Chicken, fryer-whole	1954	53.8		
	1963	40.1	72.4	63.9

MORE MEAT FOR LESS LETTUCE

"Sure my income has gone up, but food prices are so high I was better off before." This is a common lament, but the facts show it isn't true, even when it comes to meat prices.

Take the last decade, for example. The average U.S. consumer spent about \$92 for meat in 1963, \$15 more than in 1954.

However, this \$92 in 1963 was a smaller share of the average personal disposable income—our take-home pay after taxes—than was the \$77 in 1954. Furthermore, the average consumer got 10 pounds more meat in 1963 with this smaller share.

Of the \$543 more the average consumer had available to spend in 1963 relative to 1954, only \$46 went for food. Almost a third of this went for meat, mostly beef.

The shift to beef has been dramatic. The average consumer spent \$1 less for pork in 1963 than in 1954 and almost \$2 less

for veal. He spent about 50 cents more for lamb. But he handed over almost \$17 more for beef. In return he got 3 pounds more pork, about 5 pounds less veal, 0.3 pounds more lamb and 11 pounds more beef.

The picture is somewhat different when the effects of inflation are taken out. In terms of the purchasing power of the 1963 dollar, the average consumer had an actual increase in income of \$321 in 1963 relative to 1954 instead of \$543. By this measure, the consumer's total food expenditures stayed almost constant in the 1954-63 period instead of going up \$46. Meat expenditures were increased about \$4 (\$7 less for pork and veal but \$11 more for beef).

The disposable income of the average consumer has increased 34.5 per cent since 1954, while purchasing power has risen 18.8 per cent.

The table applies these changes to the price of meat.

The pork chop (center cut) price in 1963 was a little bit higher than in 1954, but it was much, much lower in terms of our purchasing power. Bacon and ham were not only less expensive in terms of the increase in our purchasing power, they were even cheaper in actual dollars and cents than they were in 1954.

The same thing was true of chicken. But, as was true for the other meats, the 40 cents a pound given in the table is an average for the whole country, including regular prices and sale prices as low as 27 cents a pound.

Chuck roast was a bargain in 1963 at 60.3 cents a pound on the average. The 1964 price is expected to average even lower. And many a wise shopper will be able to beat the averages. These are the shoppers who follow the ads in their newspapers and buy on sale weekends.

A study made in Greensboro, N. C., illustrates this point. Chuck roast was sale-priced by the supermarkets in one neighborhood on 20 weekends between July 1, 1962 and June 30, 1963. Housewives who bought five pounds of chuck roast on each of these sale weekends would have spent \$39.30. If they had bought the same amount on the weekend after the sale, they would have spent \$62.30. The average sale price per pound was 39 cents; regular price, 62 cents.

According to the table, veal cutlets and hamburger were more expensive, on the average, in 1963 than in 1954. In both cases, the 1963 price was influenced by the drop in total numbers of dairy animals. Milk production per cow has gone up while consumption of dairy products per person has dropped, so cow herds have been reduced by about a third. The calf crop for veal and the supply of cow beef for hamburger have correspondingly been reduced. (34)

FARMERS' HANDBOOK OF FINANCIAL CALCULATIONS AND PHYSICAL MEASUREMENTS. R. R. Botts, Farm Production Economics Division. Agr. Handbook 230 (Revised March 1964).

More and more figuring is required by modern farmers to determine the costs and returns of the farm business and such items as depreciation, Social Security, credit, life insurance, retirement and estate planning. This report attempts to make these calculations easier by presenting the solutions to questions most frequently asked of USDA.

THE ORGANIZATION OF WHOLESALE FRUIT AND VEGETABLE MARKETS IN CHICAGO, LINCOLN, LOS ANGELES, LOUISVILLE, MILWAUKEE, NEW ORLEANS, OKLAHOMA CITY, OMAHA, SAN FRANCISCO-OAKLAND, TULSA, AND WICHITA. A. C. Manchester, D. M. Lunquist and J. W. Dumas, Marketing Economics Division. ERS-163.

This report includes tables showing the buying, selling and operating practices of the wholesalers and chains, and changes that occurred in the past 20 years.



recent publications

The following publications are issued by the Economic Research Service and cooperatively by the state universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from the Division of Information, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications (descriptions below include name of experiment station or university after title) may be obtained from the issuing agencies of the respective states.

LOCAL SECONDARY EFFECTS OF WATERSHED PROJECTS—A CASE STUDY OF ROGER MILLS COUNTY, OKLAHOMA. J. D. Jansma and W. B. Back, Resource Development Economics Division. ERS-178.

Economists studying the effects of the watershed project underway in Roger Mills County estimated that for each assumed \$100,000 increase in gross receipts to farmers, there was an estimated net (disposable) income to farmers of \$26,867. On the average, each \$100,000 of gross receipts for farmers generated \$77,845 in gross receipts to other sectors of the local economy and a net income of \$16,457 to these sectors. (See July 1964 Farm Index.)

DISTRIBUTION PATTERNS OF RICE IN THE UNITED STATES. E. J. McGrath, Marketing Economics Division. ERS-186.

Although per capita consumption of many carbohydrate foods has declined in recent years, rice consumption has not only kept pace with population gains but has actually increased. (See August 1964 Farm Index.)

Numbers in parentheses at end of stories refer to sources listed below:

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Speech (S); published report (P); unpublished manuscript (M); special material (SM).

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SUPPLEMENT TO STATISTICS ON THE EUROPEAN ECONOMIC COMMUNITY — VOL. 1, AGRICULTURAL TRADE AND FINANCE. Development and Trade Analysis Division. ERS-Foreign 43 (Revised May 1964).

This report updates the previous publication issued in December 1962 by providing comparable trade and financial data for the calendar years 1961 and 1962. Statistics are included on the EEC's imports by origin, per capita value of total imports and the agricultural imports from other countries.

SOVIET AGRICULTURE TODAY. Report of the 1963 Agriculture Exchange Delegation. FAER-13.

In the Soviet Union a battle for bigger crops and more livestock is the story of agriculture today. The fact that the population of the Soviet Union is not only growing but becoming increasingly urbanized as industry develops, accentuates the need for greater farm output and changes in the composition of farm production. Urbanization not only decreases the manpower on farms but normally brings with it a desire for higher quality diets—more animal and dairy products, sugar, vegetables and fruits. Political and psychological factors have also made more urgent the long promised improvements in living standards.

THE FARM INDEX

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THE AGRICULTURAL OUTLOOK FOR 1965

by

James P. Cavin, Economic Research Service
assisted by

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Irving R. Starbird, Economic Research Service;
Jean L. Pennock, Agricultural Research Service;
Elizabeth Hight, Agricultural Marketing Service; and
Burton A. Baker, Foreign Agricultural Service,
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 10:10 A.M., Monday, November 16, 1964

Review and Summary

When we met last fall, it appeared that realized net farm income in 1964 might decline by 5 percent or more below the 1963 figure of \$12.5 billion. The two big factors in the picture at that time were the wheat referendum rejecting marketing quotas with high price supports and the persistent rise in farm production expenses, which had been averaging about \$750 million a year.

It now appears that there will be little change in net income from 1963. Gross income is considerably higher than anticipated. Contributing factors have included enactment of a new wheat program and larger cash receipts from vegetables. At the same time, there has been an appreciable slowing down in the rate at which production expenses have been rising. Payments for hired labor are down from 1963, and the prices paid for items used in farm production are averaging a little below last year.

In appraising the situation for next year, certain trends need to be kept in mind as they will continue to influence the situation. Over most of the past decade, the realized gross income of farm operators has trended upward. But this rise has usually been more or less offset by the continued advance in farm production expenses. The result has been a considerable degree of stability in total realized net income, particularly during the past 4 years. It is a remarkable fact that realized net income, including Government payments, was \$12.6 billion in 1961, \$12.6 billion in 1962, \$12.5 billion in 1963, and at an annual rate of \$12.4 billion for the first three quarters of 1964 (Figure 1).

But while aggregate realized net income has remained stable, there has been a continued decline in the number of farms and in the number of persons living on farms. Thus, realized net income per farm has risen from an average of \$2,960 in 1960 to a record annual rate of about \$3,600 during the first three quarters of this year, an increase of 22 percent. During the same period, the per capita disposable personal income of the farm population has risen about 20 percent above the 1960 figure of \$1,165.

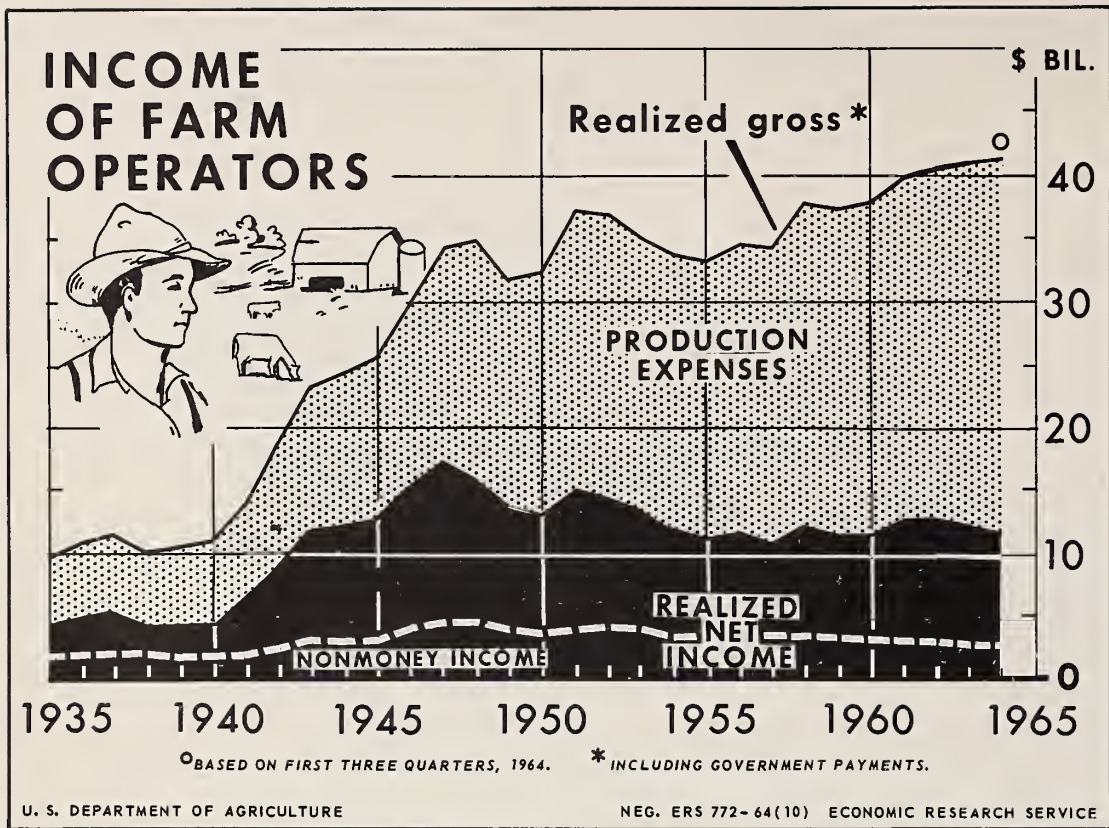


FIGURE 1

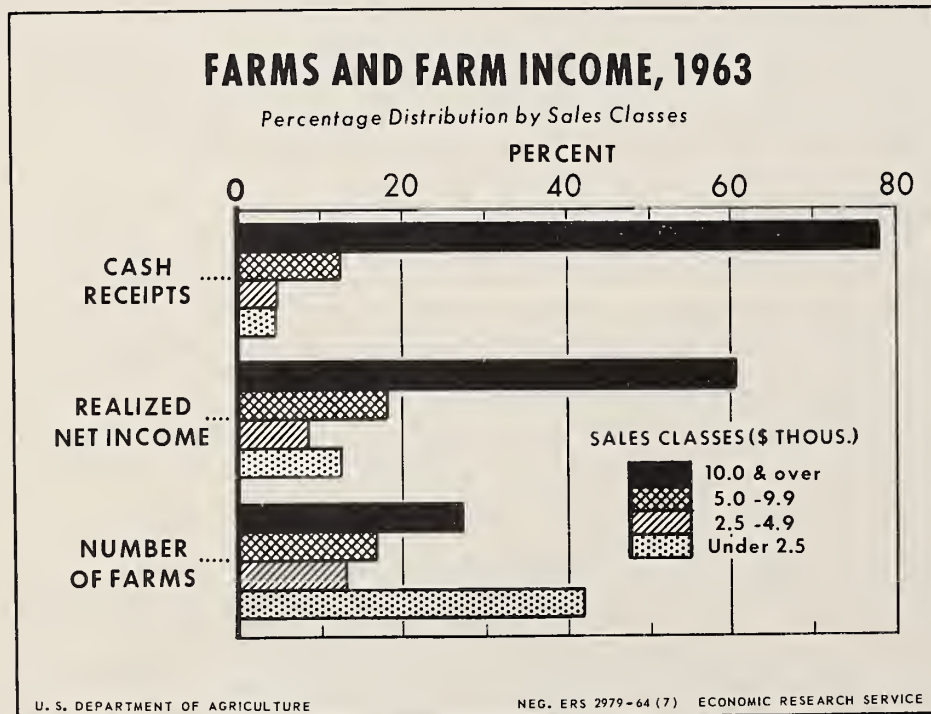


FIGURE 2

The comparable rise in the per capita disposable income of the nonfarm population was 16 percent, but it must be remembered that the income per person of the farm population is still only about three-fifths of the non-farm figure.

The larger farms continue to gain in importance. In 1963, farms with sales of \$10,000 or more accounted for 27 percent of all farms, 78 percent of total cash receipts, and 61 percent of total realized net income. Farms in this category have been increasing in number and accounting for a growing proportion of total cash receipts and realized net income. In 1959, they accounted for 61 percent of cash receipts and 50 percent of net income (Figure 2).

The trends that have brought marked stability of aggregate realized net income since 1960 are expected to continue in 1965. Gross farm income, including cash receipts, Government payments, and nonmoney income, will probably continue at about the record level of this year, while increases in production expenses are again likely to be small. Accordingly, aggregate realized net income of farm operators in 1965 is expected to be very close to the 1964 level. In other words, the general prospect is for continued stability rather than marked change.

With the continued decline in farm numbers, net income per farm is rising this year and may increase again in 1965. The per capita disposable income of the farm population from all sources is also expected to show an increase, reflecting gains from both farm and nonfarm sources.

Now let us take a brief look at 1965 in terms of the traditional elements of demand, supply, and price.

Domestic Demand

The domestic demand for farm products this year has been very high. This reflects primarily a marked advance in consumer disposable income and continued population growth. On a per capita basis, the income increase this year over 1963 will be about 6 percent--approximately twice the annual gain in recent years.

Consumer spending for food this year is nearly 5 percent above 1963, and there has been a significant rise in per capita food consumption, led by increases in beef, turkey and fresh fruits. Domestic mill consumption of cotton has increased sharply since midyear, with lower prices under the new cotton program contributing to this rise. The consumption of tobacco products has been different from what would have been expected on the basis of past trends. Departures from these trends followed publication of the Surgeon-General's report on smoking and health earlier this year. Cigarette consumption is down from 1963, while the use of cigars and smoking tobacco is up. However, by the third quarter of this year, cigarette consumption had risen to within 2 or 3 percent of last year's level.

Continued economic expansion, rising consumer incomes, and population growth will further increase domestic demand for farm products in 1965. Gains in disposable income and expenditures for food may not equal

the very large gains of this year, but nevertheless add up to a large and expanded domestic market for farm products.

Food Consumption and Distribution

Per capita food consumption in 1965 is expected to stabilize at about the high level attained this year. Not much change is expected in the consumption of foods from animal products, as further increases in beef, veal, and perhaps turkey will be about offset by declines for pork, lamb, and animal fat. The only important change foreseen in the consumption of crop products will be a substantial increase for fruits, resulting primarily from recovery in production of citrus fruit. Total food consumption is expected to increase about in line with a 1.4 percent annual rise in population (Figure 3).

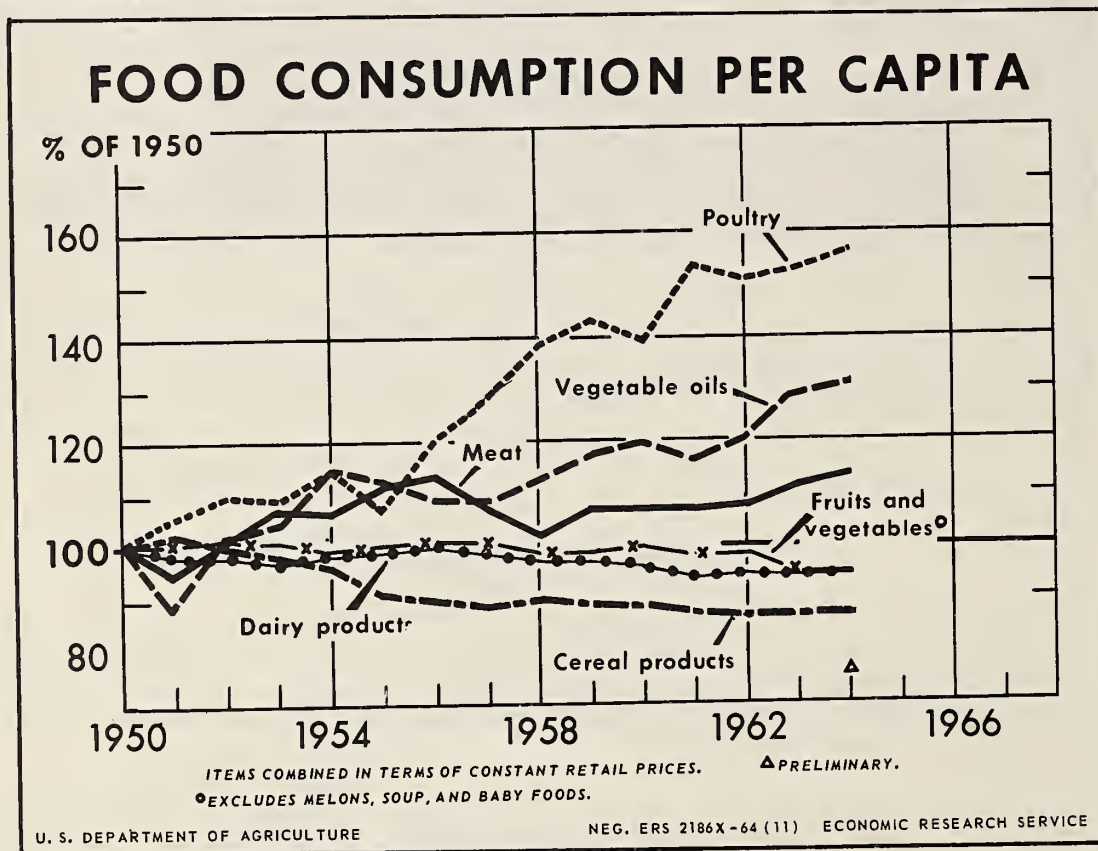


FIGURE 3

Retail food prices, which are averaging slightly more than 1 percent above 1963, are expected to show only a small increase in 1965. The upward pressure on food prices from a number of crops, primarily fruits and vegetables, that has been present during the last 2 years is not likely to be repeated next year. The continued high demand for animal products is expected to maintain average prices for meat near current levels, though some increases are anticipated for pork and lamb. Prices of foods purchased and consumed away from home have risen about 2 percent so far this year, and a further advance seems likely next year. Thus, some further rise in the average price of all food is expected in 1965.

Consumer purchases of food continue to be supplemented by the Government's food assistance programs, which include the National School Lunch, Special Milk, Direct Distribution, and Food Stamp activities. An estimated 40 million people have benefited from these programs.

USDA distributed more than 1.8 billion pounds of food nationally during fiscal 1964. Most of these commodities were acquired under the Department's price support and surplus removal programs. They were made available to an estimated 18 million children participating in non-profit school lunch programs, 6 million needy persons in families, and 1.4 million needy persons in charitable institutions. An additional 14 million children, over and above those participating in the lunch program, benefited from the Special Milk Program.

The Food Stamp Program, initiated on a pilot basis in 1961, reached a peak participation of some 400,000 people in 22 States during the past fiscal year. It is estimated that this program provided low-income families in 40 counties and 3 cities with over \$28 million in additional food purchasing power. Analysis of changes in food purchase and consumption patterns of participating families indicates that they not only maintain or slightly increase their purchases of foods considered in "surplus," but have markedly increased their consumption of such foods as fresh meat, poultry, fluid milk, fruits, and vegetables.

The Food Stamp Act of 1964 provides for a continuing Food Stamp Program on a gradually expanding basis. By the end of the present fiscal year, it is expected that the Food Stamp Program may be reaching about 1 million persons in low-income households.

Marketing Charges

The marketing bill for domestic farm food products has increased each year since 1950. Increases have come mainly from (1) rising costs of goods and services bought by marketing firms, and (2) steady growth in the volume of products marketed (Figure 4).

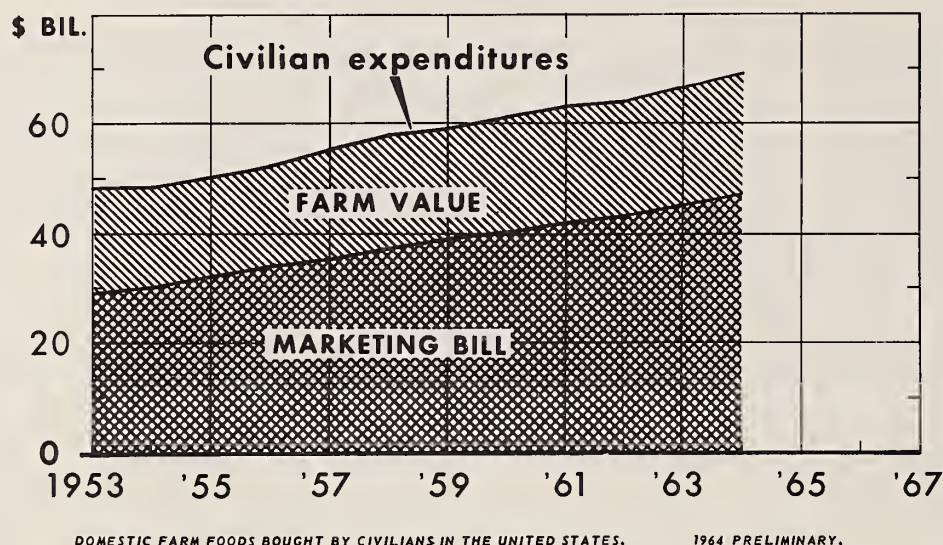
For 1964, the marketing bill is up over 4 percent from last year. Another increase is in prospect for 1965. There will be continued growth in the volume of products marketed and perhaps a small increase in marketing charges per unit of products handled (Figure 5).

There has been virtually no change in the retail cost of the farm food "market basket" or in the farmers' share of the consumers' retail food dollar. Farmers will receive 37 cents of the dollar consumers spend for farm foods in retail stores in 1964. This is the same share as last year.

Exports

U.S. agricultural exports for the year ending June 30, 1964, totaled \$6.1 billion--an alltime record. This was an increase of \$1 billion over 1962-63, most of which was dollar sales. Commodities accounting for the greater part of the gain were wheat and flour, cotton, feed grains, and soybeans.

FARM VALUE AND TOTAL MARKETING BILL FOR FARM FOODS

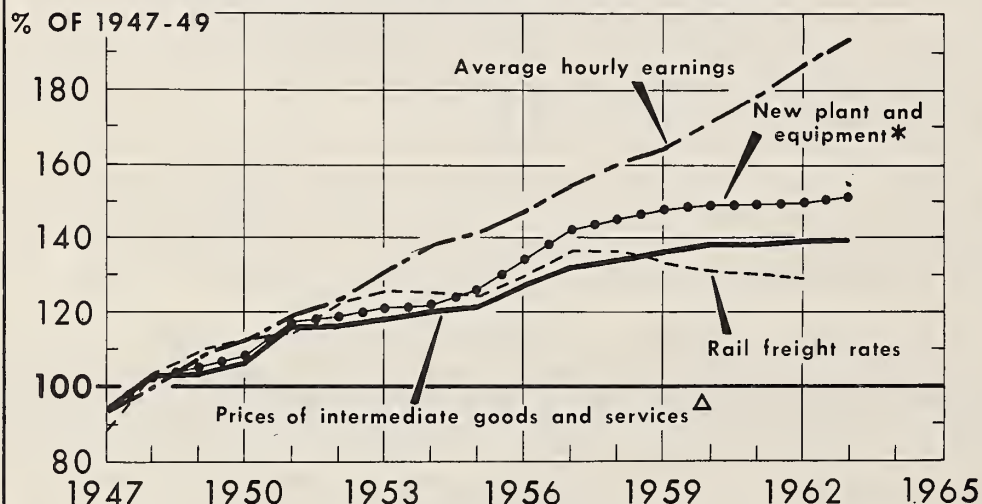


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FIGURE 4

PRICES OF INPUTS USED BY FOOD MARKETING FIRMS



*WEIGHTED AVERAGE OF IMPLICIT PRICE DEFLATORS, PRODUCERS' DURABLE EQUIPMENT AND NEW CONSTRUCTION, OTHER, CNP, DEPARTMENT OF COMMERCE.

Δ FUEL, POWER, CONTAINERS, RENT, PROPERTY INSURANCE, ETC.

1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

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FIGURE 5

Another big year is in prospect for exports of farm products. For the year ending June 30, 1965, these may total only slightly less than in 1963-64. Dollar sales will continue to account for over 70 percent of the total (Figure 6).

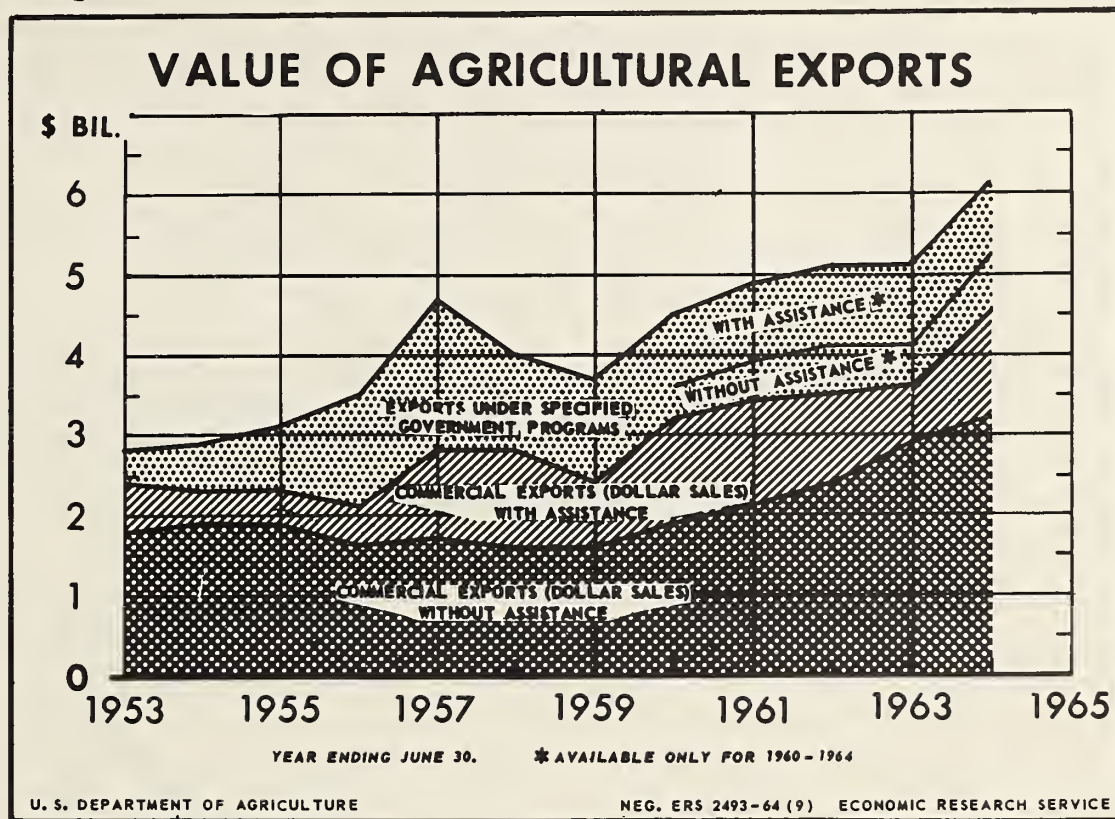


FIGURE 6

Economic growth is expected to continue in Japan, Canada, and the important industrial countries of Western Europe. Population and per capita purchasing power will expand, and most of these countries have record gold and dollar holdings. Export payment programs for a number of U.S. agricultural commodities will help maintain their competitive position in foreign markets.

Livestock industries in Western Europe and Japan are expected to provide an expanded dollar market for U.S. feed grains, protein meal, and soybeans. Exports of these products and oils may again set new records. Some small increases are anticipated for fruits and animal products.

The decline in the total will come principally from smaller wheat exports now that production in Western Europe and the Soviet Union has recovered. Exports of cotton in the 1964-65 crop year may decline somewhat below the 5.7 million bales in 1963-64, but are expected to be somewhat above the 5-million bale level. Although consumption of cotton in the foreign Free World is expected to increase above last year's record level, U.S. cotton will be competing with somewhat larger crops in other Free World countries. Tobacco exports also seem likely to be down moderately for

the year ending June 30, 1965, in view of the extremely large overseas supplies of competitive tobacco.

Production and Stocks

Let us turn now to the domestic supply side of the situation. U.S. production of both livestock products and crops is likely to show some small increase in 1965. Beef production is expected to increase again, though by considerably less than the estimated 10 percent spurt this year. Small gains are also indicated for dairy and poultry products, but hog slaughter is expected to be down. Overall, the production of livestock products in 1965 is expected to be higher than this year, but not by as much as the estimated 3 percent gain from 1963 to 1964.

Acreage used for crops this year is about the same as in 1963, but drought conditions in major producing areas reduced crop yields by about 3 percent, bringing a comparable drop in crop production. This was the first decline in the crop yield index since 1959. Even if most of this loss is made up in 1965, marketings for that year are not likely to change much from this year, as a considerable portion of them will come from the relatively small 1964 crop (Figure 7).

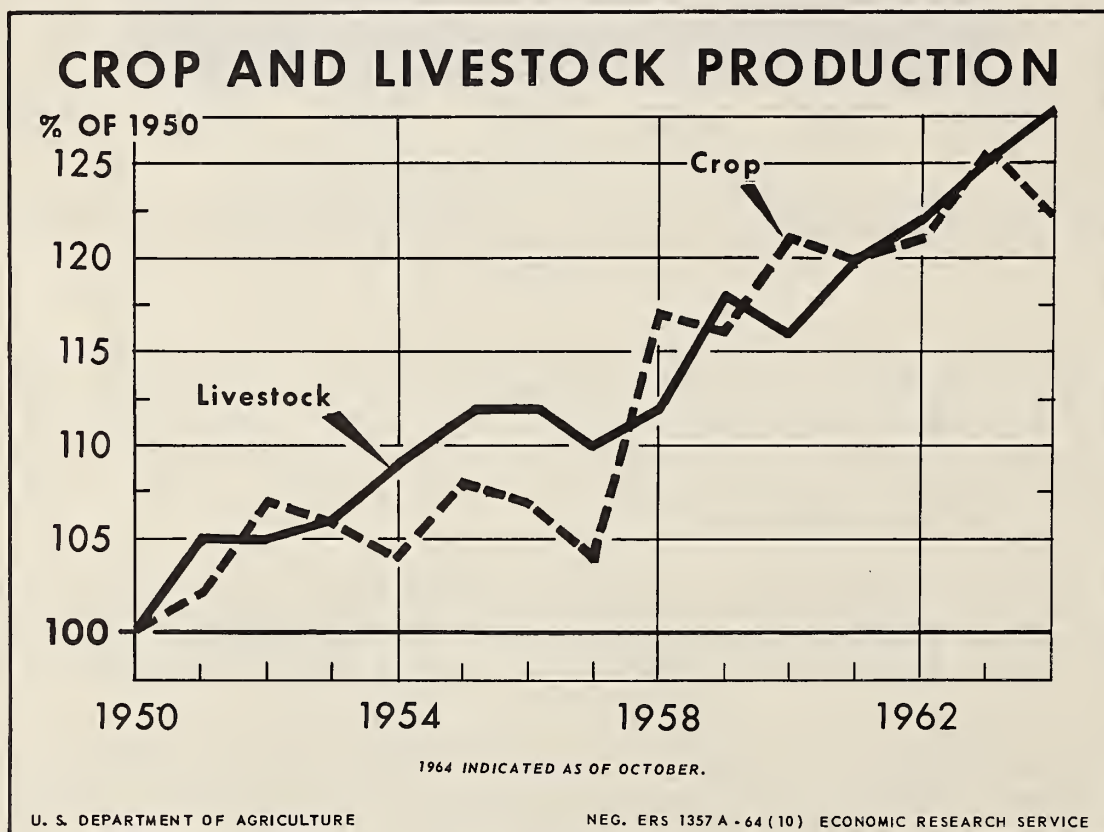


FIGURE 7

Carryover stocks of major commodities at the beginning of the 1964-65 marketing year present a mixed situation. Stocks of wheat and milk products are down sharply from a year earlier, but those of cotton, tobacco, and feed grains increased during the 1963-64 marketing year. Some further increases are indicated for cotton and for burley and flue-cured tobacco by the end of the 1964-65 marketing year. Little change is indicated for stocks of wheat and dairy products in 1965, but reduced production of feed grains will probably result in a smaller carryover.

Prices Received

It is not expected that the likely increase in total farm output in 1965 will have a very large effect on prices received by farmers. Livestock product prices are not expected to change much on the average. Cattle prices may be well maintained with the small gain in slaughter now in prospect. Hog and lamb prices are expected to increase in response to smaller production next year, though prices for some poultry products may drift down further as output rises.

Market prices for crops likely will average somewhat lower, but much of this decline will be offset by a further increase in Government payments. With more normal growing conditions, average prices for 1965 crops of potatoes and some other vegetables and fruits are expected to be lower in 1965. Under the new program, the announced loan level for 1964 crop wheat is \$1.30 per bushel, down 52 cents from a year earlier, but certificate payments will make up much of the difference. For 1965, a loan rate of \$1.25 per bushel has been announced, with certificate payments increased 5 cents. Cotton price supports under the 1964 program are nearly 8 percent below rates for 1963, but this is being partially offset by direct payments. The level of price support has not been announced for the 1965 crop, but program participators will be eligible to receive direct payments in addition to the basic support price.

Farm Costs

Next, a brief look at the other side of the picture--the prices farmers pay for goods and services used in production and also the inputs purchased.

Over the past decade, increases in farm production expenses have averaged about 3-1/2 percent a year. Prices paid by farmers for production items, wages, interest, and taxes have accounted for somewhat less than half of this rise; increases in the volume of inputs have accounted for somewhat more.

There have been marked differences in the price trends of individual items during this period. Farm wage rates and prices of farm machinery have risen steadily. Prices of fertilizer have been remarkably stable; and the index of prices paid for production items of farm origin has shown no pronounced trend (Figure 8).

The rise in production expenses in 1964 has been very small, compared with average increases in the past 10 years, and may total within 1 percent of the \$29.2 billion estimated for last year. There have been larger outlays

for such items as fertilizer, repair and operation of capital items, taxes, and interest. But these have been offset in considerable part by smaller outlays for feed, livestock, and hired labor.

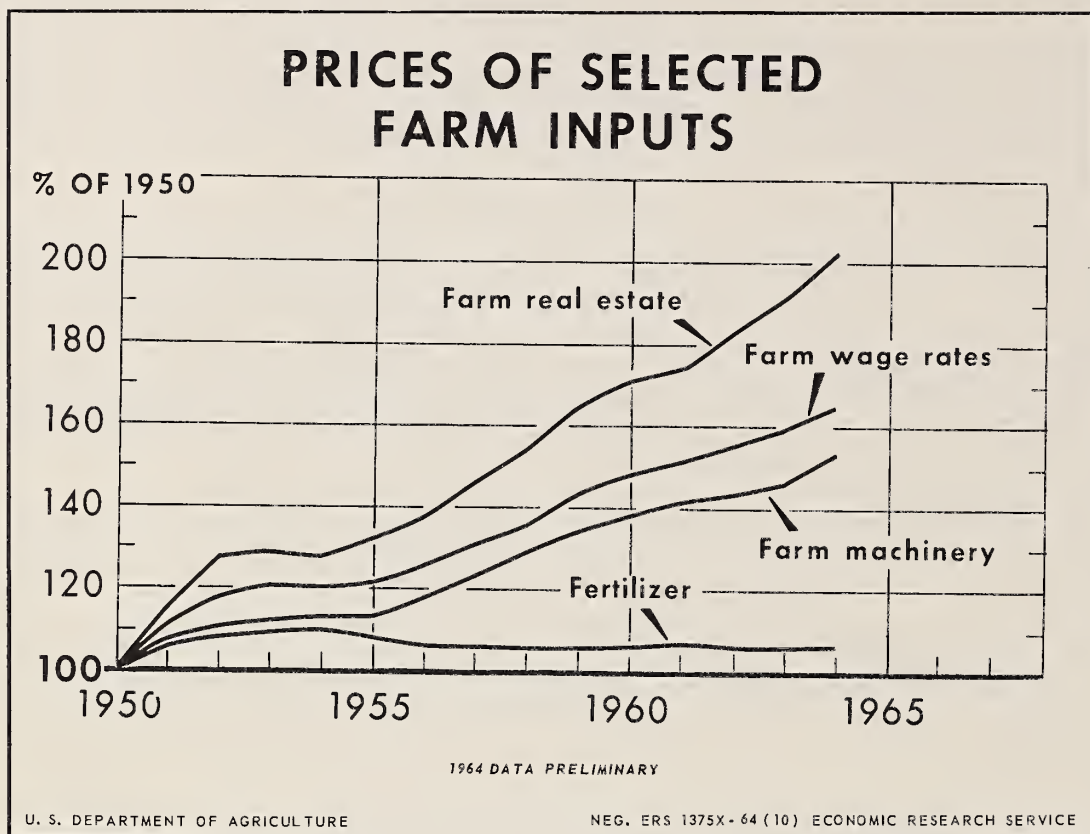


FIGURE 8

Farm production expenses may again show a smaller than average increase in 1965. Expenditures for a number of important production items, such as feed, livestock, and fertilizer, are expected to increase. This will also be true for overhead costs, such as depreciation charges, taxes, and interest. But these increases will probably be partially offset by a further drop in the use of hired labor. General substitution of machines for labor, fewer and larger farms, and other labor-saving developments are expected to contribute to a continued reduction in farm labor needs in 1965 and succeeding years.

Farm Financial Situation

In contrast to the stability of total realized net income of farm operators, the value of farm assets continues to rise, as does the value of farm equities. This upward trend in farm equities is expected to continue in 1965, as rising land values will enlarge the value of farm assets by amounts considerably greater than the increase in farm debts.

The value of farm assets is expected to be approximately \$231 billion on January 1, 1965, nearly \$8 billion more than a year earlier. With farm

debts up about \$3 billion, farm equities will show an increase of nearly \$5 billion for 1964 (Figure 9).

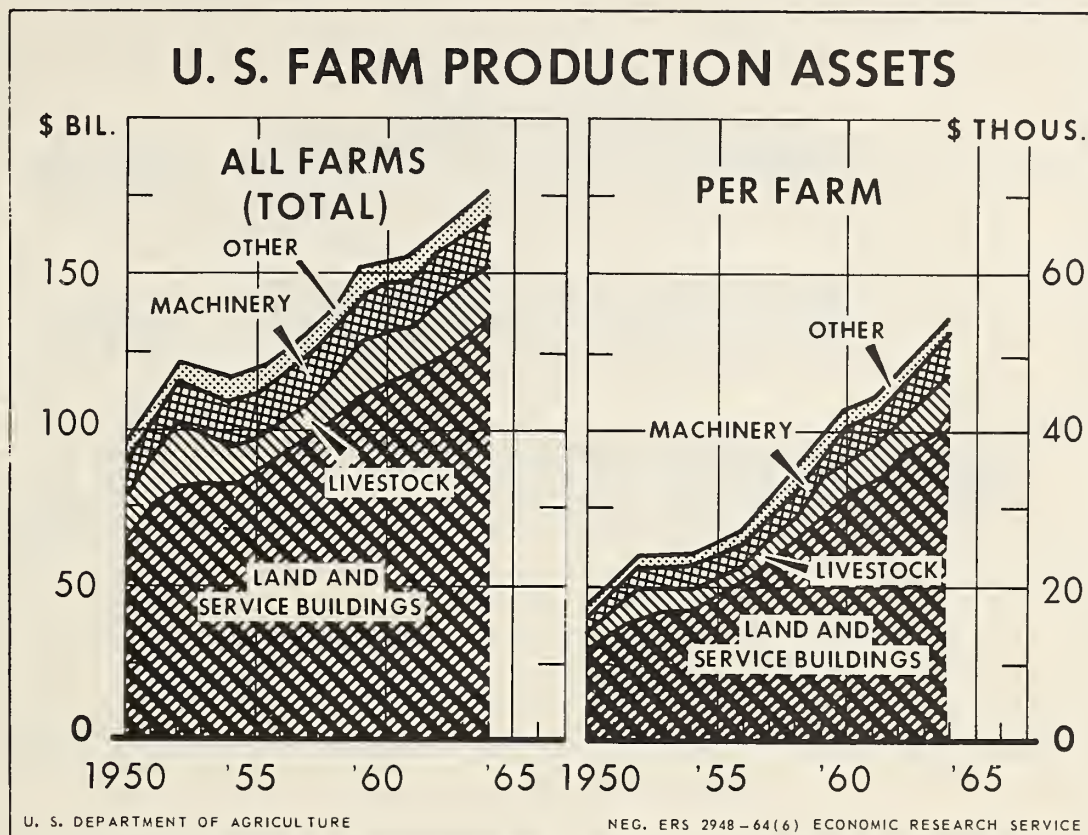


FIGURE 9

Market prices of farm real estate continued to climb during the year ended July 1, 1964. The total value of all farmland rose \$7.3 billion, up 6 percent nationally from a year earlier. All States shared in the increase. Because of the continued decline in numbers of farms, the national average value per farm increased from \$45,700 to \$49,300, a rise of 8 percent. Since 1957-59, the cumulative increase in market value per acre has averaged 35 percent for the country as a whole.

Farm debt (excluding CCC price support loans) has increased by a little more than \$3 billion during each of the last 3 years. Reports from all parts of the country indicate that farm borrowings will again be large in 1965. Purchases of land to enlarge farms and investments to improve efficiency continue to increase the capital requirements of farmers who apparently are using credit to meet an increasing proportion of these needs. They also are using more and more credit to improve their homes and levels of living and to educate their children (Figure 10).

Despite the large increase in farm equities on a national basis, reports indicate that the cash and debt situation of many farmers is less favorable this fall than a year ago. Reduced cattle prices and drought, which affected wide areas from the Northeast States to the Rocky Mountains, are cited as

major causes. A brighter financial situation is reported for many parts of the Pacific, Mountain, Northern Plains, and Southeastern States where growing conditions were much better.

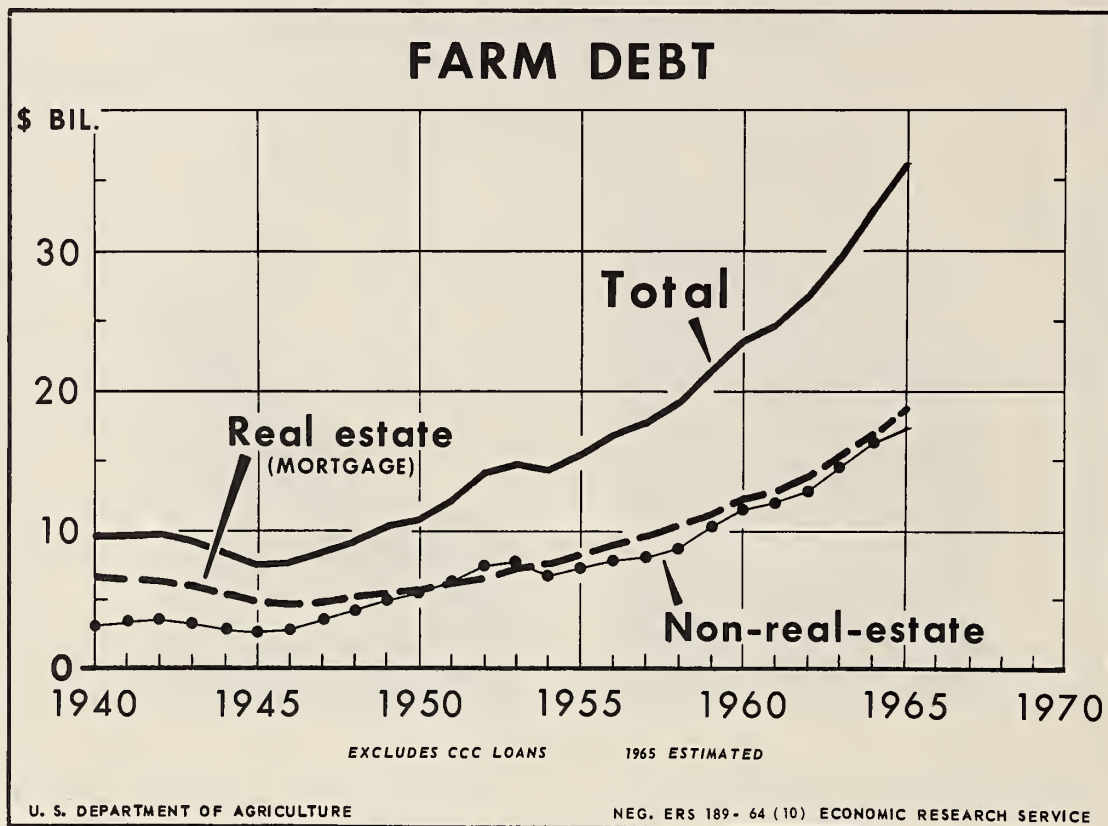


FIGURE 10

Family Living

The most important aspect of the farmer's income and financial situation is its significance for farm family living. Unfortunately, detailed data on economic conditions at the household level are not available except at rather infrequent intervals. This year, however, we have data from the 1961 Survey of Consumer Expenditures, which tells us a good deal about farm families as consumers and the relative positions of the farm and nonfarm population (Figure 11).

Between 1955 and 1961, average expenditures of farm families for current consumption increased by about a fourth. Rising prices accounted for about half of this increase, leaving a gain of about an eighth in the real volume of consumer goods and services.

Some elements of the farm population fared better than others during this period. Elderly families, one of the disadvantaged elements, increased their expenditures for living relatively more than younger families. The extension of Old Age, Survivors, and Disability Insurance coverage to farm operators has increased the incomes of many aged farm families, making it

INCOME, EXPENDITURES, AND SAVINGS

Average Per Family, 1961

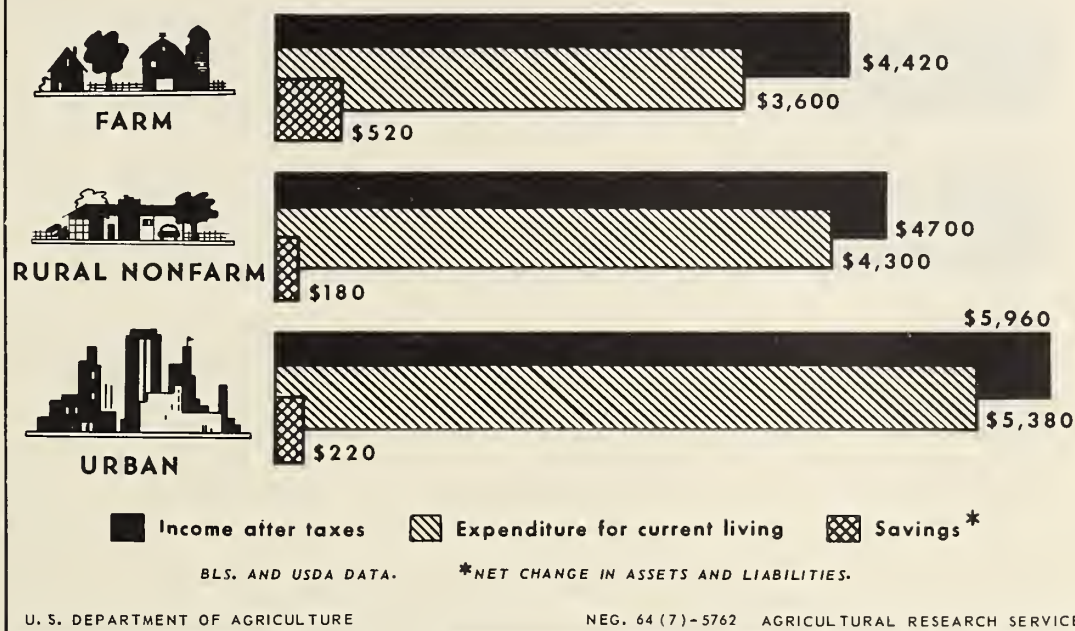


FIGURE 11

possible for them to live better. Continuing gains for the elderly can be expected as the proportion eligible for OASDI benefits increases.

The farm population in the North Central and Southern regions made the greatest gains in the level of living between 1955 and 1961. Expenditures for living rose 29 and 23 percent, respectively, in these regions. In contrast, gains in the Northeast and West were only 17 and 12 percent. The highest average expenditures for living by farm families were reported in the West.

The average income of farm families in 1961 was only about 70 percent of the urban average--\$4,424, compared with \$5,957. However, farm families made larger net savings--\$519 in contrast to \$219--in spite of their lower incomes. With lower incomes and larger savings, their expenditures for current consumption, for gifts and contributions, and for personal insurance were smaller. The distribution of the consumption dollar, however, was much the same among farm, rural nonfarm, and urban families (Figure 12).

The likelihood of higher income per farm and higher income per capita of persons living on farms in 1965 would also mean continued advance in the level of farm family living in line with trends over the last 8 to 10 years.

* * * * *

FAMILY EXPENDITURE PATTERNS

1961

FARM



RURAL NONFARM



URBAN



Food, beverages

Housing*

Clothing

Transportation

Medical care

Other

BLS. AND USDA DATA.

*INCLUDES HOUSEHOLD OPERATION, FURNISHINGS AND EQUIPMENT.

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FIGURE 12

To conclude, the farm income outlook, taken by itself, is one of continued stability. This, however, should not be allowed to obscure the fact that dynamic changes are taking place in American agriculture and that critical unsolved problems remain.

Although farmers will continue to enjoy expanding domestic and foreign markets, it must be remembered that agricultural efficiency is still increasing and that over 55 million acres of land have been withdrawn from production because of the Soil Bank and Acreage Diversion programs.

An increasing proportion of total output is being accounted for by larger farms and fewer farmers. The rapid movement out of agriculture continues, but the gap between the high-income farmer and the low-income farmer is probably widening. There has been real economic progress in the commercial farming sector, even though there is a continuing struggle to achieve a satisfactory supply-demand balance.

But the poverty problem in farm and rural nonfarm areas must be solved if economic gains in agriculture are widely shared and our full potential for economic growth can be realized.

COST OF ELEMENTARY AND SECONDARY EDUCATION

Talk by Jean M. Flanigan

Assistant Director, Research Division, National Education Association
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., Wednesday, November 18, 1964

Two decades of expansion in American education since World War II, ended with the last school year 1963-64. The third one is now under way. It will be different from the first two in emphasis, but its financial pressures will be no less severe.

One of the greatest postwar changes has been in the amount of attention focused on the schools. This has generated a revolution in education which is going into its third decade with tremendous forward thrust.

In the first decade of expansion, beginning in 1943-44, we were concerned primarily with financing education for the rapidly increasing number of pupils in the elementary schools, recovering losses in staff and resources suffered in the early years of the war, and a little later with continuing the education of veterans returning to civilian life. Later, concern focused on financing secondary-school expansion, and on improving and modernizing educational services at all grade levels. Without dropping earlier concerns, now more are added: education for dropouts; remedial education at all grade levels; special education for physically, mentally, and culturally handicapped children; adult education with emphasis on remedial ills in basic education, and adult re-education in vocational schools, to name a few. At the same time demand for more education is focusing on provisions for preprimary age groups, nursery school children, and kindergarten pupils. At the upper end of public-school education the 13th and 14th years, the junior college, are being added.

To the schools of the 1940's have been added new curriculum areas, new teaching methods, new arrangements of personnel for teaching, new instructional media, testing and counseling programs, new divisions of physical space in the school house, and new attendance areas within the school systems. In addition, the old problem of consolidating or reorganizing districts is still with us, particularly in the fragmented urban and suburban systems surrounding large metropolitan centers.

The main purpose of the foregoing citations of expansion and change in American public education is to emphasize that school costs reflect a greatly enlarged and expanded concept of educational services. Inflation, however measured, accounts for part of the rise in school costs, as does pupil enrollment. But a large part of the current rise, and the rise which lies ahead, are tied to (a) additional groups of pupils to be served by public schools, (b) additions to the qualifications of teachers, (c) additions to program offerings, (d) space requirements for new methods of teaching, and (e) additions of equipment now used in a modern institutional program. In short, public education is undergoing a revolution of mounting scope and intensity.

Population and Enrollment

Over the past 10 years, school enrollments have grown faster than the total population, and faster than the school-age segment of the population. Enrollments have reflected the increasing number of children of school age, and, in addition, an increasing propensity to enroll in school earlier in a kindergarten program and to stay in school at least through high-school graduation.

As of 1962, practically all the boys and girls 6 through 15 years of age were in school. With over 98 percent of this group now attending, we have reached what might be termed a near maximum enrollment of this age group. The increases which lie ahead come from the 5-year-olds and the 16-, 17-, and 18-year-olds. This is what has happened:

1. In 1953, approximately 58 percent of the 5-year-olds were enrolled in school. By 1962 this was 67 percent. The trend is still upward.
2. The dropout problem notwithstanding, a rapidly increasing proportion of 16- and 17-year-olds are enrolled in school. In 1953, a little less than 75 percent of the 16- and 17-year-olds were enrolled, but by 1962, this had grown to 84 percent. This trend will continue until we reach the "near maximum enrollment" which is approximately 98 percent.

The financial requirements of a kindergarten pupil are not too high, the kindergarten pupil is about one-half as expensive as the elementary-school pupil. But, at the high-school level the cost per pupil is 30 to 50 percent higher than the elementary-school cost, and cost at the junior-college level is even higher. With the rapid growth of sheer numbers in the upper-age groups, the financial problems of the next 10 years will be no less severe than they have been in the past.

The public schools' share of enrollments is an important cost factor. As you have heard, the proportion of pupils attending private and parochial schools increased in most years in the 1950's. However, we noticed that in the late 1950's this trend began to level off, and actually start downward. The private schools are no longer absorbing an increasing share of the enrollments. The result of this down turn is several hundreds of thousands more pupils in the public schools. It is difficult to predict whether this trend will continue down, level off, or resume an upward course.

Cost of Education

The total outlay for all levels of formal education, public and private, reached an all-time high of \$35 billion in 1963-64. This is about 150 percent more than the cost 10 years ago. Our present educational outlay for formal schooling alone amounts to 5.8 percent of the annual value of all goods and services produced in the United States.

Over the past 10 years the total current expenditures for elementary and secondary schools rose on the average of 9.6 percent per year, almost twice the rate of increase in gross national product. Current expenditures per pupil in the last 10 years rose at an average rate of 5.6 percent as compared with a 3.5-percent increase in the per capita values of goods and services produced.

The increase in per-pupil expenditures in some states has been impressive; in others the record is disappointing. Over the past 10 years the rate of annual increase in expenditures per pupil in average daily attendance varied from 2.9 percent in one state to 8.1 percent in another. In amount of increase per pupil for the 10-year period, the state figures varied from \$78 to \$343.

With few exceptions, the states that had the lowest expenditures per pupil 10 years ago gained at rates exceeding the national average. However, some of the leading states in per-pupil expenditure in 1953-54 were also among those with the highest rates of increase. Progress in equalizing per-pupil expenditures among the states, in which great gains had been made in the 1930's and 1940's, almost stopped.

In dollars spent per pupil, the gap between low- and high-expenditure states widened in the past 10 years. The difference between New York and Mississippi in current expenditures per pupil in ADA was \$239 in 1953-54 and rose to \$464 in 1963-64.

According to the U.S. Office of Education, the total bonded debt of all governments issuing public-school bonds to provide and equip school buildings was \$23 billion at the end of 1963, up almost 250 percent from the total 10 years ago.

Distribution of School Revenue

The distribution of school revenue between state and local governments has remained fairly constant since 1948. This contrasts sharply with the two previous decades when the states' combined share rose from 16.9 percent in 1929-30 to 30 percent in 1939-40, and on up to 38.9 percent in 1947-48.

Although the federal share is still relatively small, it has moved up from 0.4 percent in 1929-30 to an estimated 5 percent at the end of the last school year. Depending on the speed with which the federal programs enacted by the 88th Congress are put into operation, the federal share will rise 1 or 2 percent this year.

As noted above, there has been very little change in the shares of federal, state, and local governments. The U.S. average is somewhat deceptive. Over the past 10 school years a considerable amount of change in the state and local shares (excluding the federal revenues) is observed for at least half of the individual states.

- . In 17 states, the state share increased 5 percentage points or more, and the local share declined correspondingly.
- . In 8 states, the state share decreased 5 percentage points or more, and the local share increased.
- . In 25 states the state and local shares fluctuated less than 5 percentage points.

Throughout most of the past 10 years the new revenue supplied from state sources was less than new revenue added from local sources. However, in the past two years the state share of new revenue has been increasing. This may mark the beginning of an upward trend in the state share of school support.

The year 1963 was one of substantial increase in state taxes. Most states raised rates of existing taxes or added new groups of commodities, services, or income to existing taxes. Nationwide the 1963 state tax legislation added about \$1 billion to the financial resources of state governments.

State revenues are also expected to increase an estimated \$1.5 billion from the increased economic activity stimulated by the recent federal tax reduction. The yield from all state taxes in 1964 will pass \$25 billion, up 13 percent from 1963.

State revenue gains resulting from economic growth may be even greater if the economy continues at the current high activity.

Property Taxes

The sustained high level of increase in property tax revenue is one of the phenomena of the postwar years. Property taxes account for 98.6 percent of all taxes levied by legally independent school districts. Almost half of the property tax revenues go to schools.

Nonproperty Taxes

Other local tax sources supplied less than 1 percent of local school tax revenue of all independent school systems. Local non-property taxes are a source of revenue for schools in only 17 states. Taxes, other than on property, contributed 18.2 percent of the local tax revenue in Pennsylvania, 8.3 percent in Alaska, and 4.1 percent in Delaware. In the other 14 states which allow one or more districts to levy nonproperty taxes, these taxes contribute less than 3 percent of local school revenue. No doubt, they are more important to the levying districts than appears in the state-wide aggregates of school revenue.

Local nonproperty taxes are no panacea for local school revenue needs. At best they are most useful in large urban school systems. The most satisfactory arrangement developed for use of nonproperty taxes by the schools--popularly termed "piggy-backing"--is to allow the local school system to impose an additional rate on a tax levied and collected by the state.

Charges and Fees

The fastest growing item of revenue of independent school districts is "other charges and miscellaneous," not including school lunch sales. Between the 1957 and 1962 Census of Governments, receipts of this type increased from \$121 million to \$244 million at an average annual rate of 15.1 percent. Included here are tuition and other fees or charges applicable to pupils or their families. These items warrant careful scrutiny if we are not to lose sight of our commitment to free public education.

Private Costs

No one knows how much money goes into the school program or school facilities in the form of expenditures of parents of students for items which could be supplied from public funds. Some of these items include the following: cash requirement of the school lunch program; fees for laboratories, gymnasium, special classes, and activities; textbooks; paper, pencils, and art supplies; paper back supplementary reading books; school year and summer subscriptions to magazines; field trips; bus transportation to and from school in large cities; school pictures; locker rentals; fees for physical education; rentals of uniforms and robes; donated services by parents, and equipment donated as part of PTA projects; summer-school tuition, and extracurricular activity tuition.

If these school costs amount to about \$2 a week per pupil, we should probably add a whopping total of \$3 billion to the annual expenditures for elementary and secondary schools. The regressive features of this type of expenditure are obvious, and they are obviously more prevalent in areas which are hard pressed for public funds.

A review of the literature for this type of educational expenditure turned up only one major study. The Idaho Education News of March 1964, reported a state-wide survey. Of the 95 school districts responding, 79 reported some elementary-school fees; 63 reported fees for junior high school, and 89 reported high-school fees ranging up to \$26 per pupil. High schools most frequently charged an activity fee, but the school systems also reported class dues, library fees, assembly fees, laboratory fees, fees for such special classes as homemaking and shop, fees for music classes, fees to cover art and music supplies, and fees for uniforms and robes.

Dr. Engelking, the state superintendent, reported the reason for the fees was the lack of funds on the part of the school systems. The survey also found that fees were going up. Almost one-half of the high-school fee schedules had been revised upward in the past year.

Outlook

The coming year is expected to be one of high economic activity and rising prosperity for individuals and business. It should be a year of high gain in state and local revenues and revenues for school support. It may be a year when inflation is difficult to control.

The federal tax cut alone is estimated to produce an increase of \$40 billion in gross national product and \$30 billion in personal income over this year and the next, resulting in a gain of \$1.5 billion in state taxes and \$1.4 billion in local taxes. However, the gross national product is gaining faster than was expected. Even faster gains are forecast for state and local taxes.

The typical citizen will have more income next year. How he will use it depends on his set of values: more for education or more for the personal satisfaction of a second car, another gadget, or the like, or a little more for both.

Americans have allotted more of their income to public schools each year. But their demands for better education continue to run ahead of the financial resources of schools. Steady progress is noted, but the pace is slow.

+ COSTS OF HIGHER EDUCATION +

Talk by Paul K. Nance |
 Business Administration Section, U.S. Office of Education
 at the 42nd Annual Agricultural Outlook Conference
 Washington, D.C., 10:15 a.m., Wednesday, November 18, 1964

The role of higher education in our society continues to increase. In fact, it seems to be increasing at almost geometric proportions. Whether higher education of the future takes the form of a uniworld university,^{1/} fourth branch of government,^{2/} some other imaginative form, or remains in or near its present form, the demands for higher education programs are likely to increase rather sharply, because "knowledge" is accumulating at a fantastic rate and is an indispensable ingredient in an expanding society.

In recent years you have heard a great deal about enrollment predictions in colleges and universities, and these are coming true. For instance, in the year 1952,^{3/} the population 18-21 years of age was 8,542,000; college enrollment was 2,134,000, or approximately 25 percent of the population group. Ten years later in 1962, the population 18-21 years of age was 10,745,000; college enrollment was 4,175,000, or approximately 39 percent of the group. Thus, not only has population increase helped to add to college enrollments, but there is an ever-increasing percentage of high school graduates who go to college. Office of Education estimates put college enrollment for 1975 at 8,616,000, or more than double the 1962 enrollment. There is also the factor of increased amounts of graduate work--in other words, students are going to college longer than ever before. Further, because automation continues to absorb the human burden and because earning a living is requiring less of our time, more and more adults are enrolling in college courses.

Therefore, we have an expanding body of knowledge, an expanding population, larger percentages of high school graduates attending college and attending longer, and more adults enrolling in college courses--all of these are changing the posture of higher education and, more important to our discussion here today, changing the cost of higher education.

1/ Robert Q. Oliver, "Education in the Year 2,000 A.D., A Uniworld University---," Vital Speeches XXX, No. 13, (April 15, 1964) 399-401.

2/ Christian K. Arnold, "Higher Education; Fourth Branch of Government," Saturday Review, XLVII, No. 3, (January 18, 1964) 60-1, 75-7.

3/ Trends, 1963 Edition, U.S. Department of Health, Education, and Welfare, 45.

As the body of knowledge increases, the quality of educational programs improves--good programs and instructional tools cost money. Moreover, faculty members have in the past shared the burden of higher education costs in below-standard salaries, and now the law of supply and demand is entering the picture--faculty salaries are gradually coming to be more nearly commensurate with the requirements of the teaching profession. Facilities have burst at the seams, and institutions are busy rehabilitating, modernizing, replacing, and building new edifices. In 1960-61, 80 percent of the higher education institutions in the United States reported to the Office of Education that they planned to complete 8,000 building projects by 1965, to cost over \$7.5 billion.^{4/} About two-thirds of these projects were to be instructional, research, and general facilities; about one-fourth, residential.

Rising costs in salaries and in construction costs have forced college and university administrators and faculty members to take the initiative in "selling their educational wares." During past decades there has been a tendency for those in higher education to accept financial support, as offered by various publics, without too much organized effort to dramatize the role or need for higher education. Academicians have felt a little chagrined in having to "sell their wares" through any overt campaign. This attitude is changing today, and college administrators are to be found in the market place.

These considerations raise the question: How much is a college education worth? There are two primary values derived from a college education: intangible or noneconomic; and tangible or economic. It is difficult to measure the intangible or noneconomic values. These include: an attitude of life which stabilizes the student through a variety of experiences; a poise which helps to meet difficult circumstances with confidence; a sense of community responsibility; a historical perspective; an awareness of national and world problems and solutions; an appreciation of science, art, literature, and music; and a capacity to communicate adequately.

It is not so difficult to measure the tangible or economic values of a college education to a student. For instance, the estimated average ⁴⁰-year income for male college graduates from age 25 to age 64 is \$360,604;^{5/} it is \$224,417 for a male high school graduate--which means an additional economic value of \$136,187 for the college graduate, or earnings of 60 percent more than the high school graduate. Even if it costs a student a total of \$10,000 for the four years of college, the annual return on his investment is still more than 30 percent. From this standpoint alone, the cost of a college education could increase substantially and still be a good investment for a student. (On the other side of the coin, one might argue that the college graduate would have had higher income even if he had not attended college.)

^{4/} Leslie F. Robbins and W. Robert Bokelman, College and University Facilities Survey, Part 4, U.S. Dept. of HEW, Office of Education, Circular No. 723.

^{5/} Digest of Educational Statistics, 1963 Edition, U.S. Department of Health, Education, and Welfare, Office of Education, No. OE-10024-63, 100.

Also from the economist's viewpoint, one can measure the contribution of education to the gross national product, using a scale of values for education years. A recent White House message to Congress said, "This Nation is committed to greater investment in economic growth; and recent research has shown that one of the most beneficial of all such investments is education, accounting for some 40 percent of the Nation's growth and productivity in recent years."^{6/} Of course, this 40 percent refers to all levels of education, but higher education is certainly an important segment. The student is the first beneficiary of a college education but he is not the only beneficiary--even if the propensity to consume^{7/} were as low as two-thirds, society would benefit twice as much as the student from his higher education.

What does it cost the individual to go to college? There are as many answers as there are students, because the buying habits vary so greatly. However, most of the charges assessed the student by an institution are known and we can make some comparisons. From 1963-64 data^{8/} in the Office of Education, we have compiled tables on total costs for tuition and required fees, room, and board for a typical full-time undergraduate student. The median charges for these items at all public institutions was \$790 in 1963-64: \$964 at universities, \$749 at liberal arts colleges, \$804 at teachers colleges, and \$678 at junior colleges. Corresponding mean charges for private institutions were: all institutions, \$1,399; universities, \$2,048; liberal arts colleges, \$1,493; teachers colleges, \$1,350; and junior colleges, \$1,048.

^{6/} National Education Improvement Act of 1963. (Washington, D.C.: U.S. Government Printing Office, 1963) 1.

^{7/} Paul A. Samuelson, Economics (New York: McGraw-Hill Book Company, Inc., 1951) 280.

^{8/} Louis A. D'Amico and W. Robert Bokelman, Higher Education Basic Student Charges, 1963-64, now in process of publication.

Percentile values of tuition and required fees, room, and board charged full-time undergraduate resident men * students for the academic year, by type of public institution: Aggregate United States, 1963-64.

Percentile and type of charge	All Public Institutions	Selected types of institutions			
		Univer- sities	Liberal Arts	Teachers Colleges	Junior Colleges
10th percentile					
Tuition and required fees	\$12	\$179	\$67	\$148	\$0
Room	121	187	119	129	58
Meals <u>**/</u>	294	335	284	302	258
Percentile total	427	701	470	579	316
50th percentile					
Tuition and required fees	191	268	185	227	128
Room	210	250	198	208	179
Meals <u>**/</u>	389	446	366	369	371
Percentile total	790	964	749	804	678
90th percentile					
Tuition and required fees	350	424	338	325	296
Room	299	334	311	290	279
Meals <u>**/</u>	498	517	475	469	475
Percentile total	1,147	1,275	1,124	1,084	1,050

* Tuition and required fees are the same for men as for women; room and board charges vary slightly.

** 7-day week.

Percentile values of tuition and required fees, room, and board charged full-time undergraduate resident man * students for the academic year, by type of private institution: Aggregate United States, 1963-64.

Percentile and type of charge	All Private Institutions	Selected types of institutions			
		Univer- sities	Liberal Arts	Teachers Colleges	Junior Colleges
10th percentile					
Tuition and required fees	\$291	\$671	\$481	\$331	\$31
Room	140	240	160		
Meals <u>**</u> /	311	425	333	366	280
Percentile total	742	1,336	974		
50th percentile					
Tuition and required fees	734	1,200	807	650	526
Room	237	345	250	250	166
Meals <u>**</u> /	428	503	436	450	356
Percentile total	1,399	2,048	1,493	1,350	1,048
90th percentile					
Tuition and required fees	1,343	1,591	1,368	1,471	1,177
Room	379	416	362		332
Meals <u>**</u> /	510	522	508		489
Percentile total	2,232	2,529	2,238		1,998

* Tuition and required fees are the same for men as for women; room and board charges vary slightly.

** 7-day week.

How much will these figures be the next year? And the next? Perhaps one can judge the future by the past. A 1957-58 Office of Education publication^{2/} shows the average charge for tuition and required fees, room, and meals (men/7-day week) at \$666 for 9 months in public institutions; \$1,090, private institutions. A comparison of these (1957-58) figures with those for 1963-64 shows an increase over the 6-year period of 18.62 percent in public institutions and 28.35 percent in private institutions (approximately 3 percent per year from the 1957-58 base year in public; approximately 5 percent in private).

^{2/} W. Robert Bokelman, Higher Education Planning and Management Data, 1957-58, Department of Health, Education, and Welfare, U.S. Office of Education, Circular No. 517.

Some parents consider that the costs of higher education include more than just tuition and required fees, room, and board. They consider as part of the costs such items as clothing, travel, grooming, books and supplies. Estimates for these additional items are less reliable; however, an Office of Education estimate^{10/} for 1952-53 showed mean total expenditure per student, including not only tuition and required fees and room and board, but books and supplies, clothing, travel, grooming, and other costs incurred in attending an institution of higher education: \$1,120 for public institutions and \$1,674 for private institutions. Comparable figures 10 years later--for 1962-63--^{11/} were \$1,480 for public institutions and \$2,240 for private institutions, or a rise of about one-third for each group of institutions during the intervening years. And the percentage of rise has accelerated each year. According to Rexford G. Moon, Jr., in a June 1963 article, "at least a 5 percent increase per year over the next 8 or more years is to be expected,"^{12/} in costs of higher education to students.

Among individual colleges costs vary widely. Elmer D. West, writing in the College and University Journal, Summer 1964, gave examples of variations in college charges. "In 1963-64 a resident of one southwestern State could send four girls to a public college in that State for one year, at a total basic charge amounting to less than it would cost for one girl to attend, for the same period, an eastern private college for women. On the other hand, charges for a nonresident student at one northern public institution are almost twice as high as for a student at a southern private college."^{13/}

How much should families be able to pay toward the cost of educating their children? The April 1964 edition of Changing Times^{14/} magazine includes a table which shows how much a family might be expected to pay out of income to support a child in college. For instance, it is suggested that a family with an annual income of \$8,000 after Federal taxes might be able to pay \$1,250 a year for a child in college if there were 2 dependent children or \$840 a year if there were 4 dependent children.

Annual income after Federal taxes	Number of dependent children			
	1	2	3	4
\$ 6,000	\$ 960	\$ 710	\$ 550	\$ 440
8,000	1,600	1,250	1,000	840
10,000	2,380	1,920	1,590	1,370
12,000	3,290	2,720	2,320	2,040
14,000	4,340	3,660	3,180	2,850
16,000	5,520	4,740	4,180	3,790

10/ Ernest V. Hollis and Associates, Costs of Attending College, U.S. Department of Health, Education, and Welfare, Office of Education, #52006.

11/ W. Robert Bokelman and Earl E. Huyck, "Costs of Higher Education---" 1963; Year of Legislative Achievements in Education, U.S. Department of Health, Education, and Welfare, 83.

12/ Rexford G. Moon, Jr., "More Students are Studying Now, Paying Later," Saturday Review XLVI, No. 24, (June 15, 1963) pp. 74-75, 83.

13/ Elmer D. West, "Trends in College Costs--and in Family Income," College and University Journal III, No. 3, (Summer 1964) pp. 37-48.

14/ "How Will You Ever Pay for College?" Changing Times XVIII, No. 4, April 1964, p. 9-13.

In addition to income, assets such as house equity, stocks, and bonds must be considered in such a determination of need. There are other factors which should be considered, such as extra medical expense; other dependents who must be supported; level of income for the immediate past years; cost of living in the locality in which the family lives; and other necessary family expenses.

Many American families find it difficult to adequately plan in advance for the financing of a college education for their children. Several factors account for this inadequacy such as limited family income, the immediacy of other items to satisfy day to day family requirements, and the widespread installment buying practice. By the time the children are college age, the family buying habits have long been established, and the family income is "budgeted-out" regularly in monthly payments. Then, with college appearing on the scene, the family budget undergoes a rather traumatic adjustment as a series of white-capping waves of college costs rock the already burdened family economic boat. It seems that this is a typical problem with many families all across the nation; and, according to Hollis, the amount of the family income is the most important of six factors which determine the portion paid out of family income to finance the cost of a college education. These six factors are listed in the order of their importance:

"(1) Family income, (2) parents' level of education, (3) the breadwinner's occupation, (4) sex of the child, (5) the number of brothers or sisters now in college or who have recently been graduated, and (6) the number who may attend college later"^{15/}

Thus, it is seen that not only is the amount of family income a factor in determining financial support of the costs of college, but also the educational and professional background of the family, sex of children, and the number who attend college.

How do families handle payments which are not made out of their regular income? In some instances, the mother goes to work, if she is not already regularly employed. The student may work full-time during the summer and part-time while in college. They may borrow on insurance policies or convert other assets to cash. Many parents may privately dream that their children will be smart enough to get a large scholarship, but in most instances this is pipedreaming for total scholarships represent a very small percentage of the total cost of attending college. Probably the most prevalent supplement to financing costs of higher education is borrowing from institutional or outside loan fund sources. The National Defense Education Student Loan Fund Program has provided at least limited funds with liberal repayment and low interest rate schedules. The student applies for an NDEA loan at the college or university he plans to attend. If he qualifies for a loan and is enrolled full-time he may borrow up to \$1,000 per year, with interest at 3 percent

^{15/} Ernest V. Hollis, "A Guide to Financing Your Child in College Now and in the Future," The New York University Alumni News, XXX, No. 3 (New York City), December 1962, p. 3.

per annum on the unpaid balance (except that no interest shall accrue while the student is enrolled) and with repayment of principal and interest over a period of 10 years beginning after the student completes or terminates his course of full-time study. There are also other qualifying features enumerated in the Act. Many commercial concerns, including banks, are lending for as long as 72 months for four years of college. This is usually a level payment plan by the month, with the first payment beginning on or near the date of first enrollment and with funds being advanced to the borrower at the beginning of each semester in the amount contracted.

There are several ways to "beat the averages" in college costs, such as commuting from home to a nearby college; attending a college with little or no tuition and fee charges; or attending a college with an alternate work and study program. Recently the public community college or junior college idea is getting increased support, as a part of the solution to the problem of providing higher education opportunities to all qualified young people.

Many students and prospective students come from low economic backgrounds. The Bureau of Census reported that the annual average family and unattached individual income in the United States was \$7,262 for the year 1962.^{16/} This means that approximately one-half of the families in the United States can provide little or nothing from the family income to help pay the costs of a college education for their children.

The rising costs of a college education are causing concern on the part of parents in both low and middle income groups. Ekstrom and Cliff, in a February 1963 article, indicate that

"many parents feel that the limit has been reached for family support of higher education. They feel they just barely are doing what they can to send their children to college and that when costs go up further the increase must be met from some other source. They look to the Government to help either through tax relief or through a national program of scholarships."^{17/}

How far can and must society go in making higher education available to all who show promise of benefiting from it? Shouldn't our national affluence be reflected in educational opportunity for all?

President Fred H. Harrington of the University of Wisconsin spoke before a Committee of Congress as follows:

"It is a sad commentary that the richest country in the world, the country which has placed the most faith in education and

^{16/} Statistical Abstract of the United States, 1964, U.S. Department of Commerce, Bureau of Census, p. 337.

^{17/} Ruth B. Ekstrom and Norman Cliff, "Parents' Feelings About College Costs," School and Society XCL, No. 2222 (February 23, 1963), pp. 99-100.

benefitted the most from this faith, today requires its college students and their families to pay the highest proportion of the costs of their education of any major country in the world.

"We believe that the needed expansion of education to make educational opportunity genuinely available to all segments of the population is the most pressing and fundamental problem before the country today. It requires the support of private individuals, local communities, and municipal, state and national governments."

It should be remembered that the student who pays tuition, room and board, and other fees is not paying all that it costs to educate him. In most instances, the institution, through other sources, finances the larger portion of what it costs to provide the instructional facilities and staff. Public institutions are subsidized by taxes, but in the case of private institutions, there is concern in some places that increased costs may price them out of the educational market. In 1949 a little over 50 percent of college students attended private institutions; in 1962, only 38.3 percent; and in 1963, only 36.6 percent.

In spite of this trend our fine tradition of a dual system of education--the private and the public--is being upheld, and support is forthcoming. One thousand thirty-six colleges responded to a survey by the Council for Financial Aid to Education and reported voluntary support totaling almost a billion dollars for the year 1962-63.^{18/} This amount is 3 times the amount reported in the Council's survey for the year 1954-55--obviously individuals, foundations, and corporations are contributing to the colleges of their choice, and the major portion of these contributions go to private colleges.

Communities and States are expanding appropriations to their public institutions. The Federal Government, with its long history of aid to education, has recently enacted legislation that encompasses several programs for higher education, including the Facilities Act, the extension of the National Defense Education Act, and the Health Professions Educational Assistance Act. These Federal programs extend to both public and private higher education institutions. Higher education has become a concern of national immediacy.

Therefore, it seems certain that society will accelerate its emphasis on loans, scholarships, work, and other programs to encourage more and more qualified young people to attend college, until the time when education is truly within the reach of all students. The costs of attending college are increasing. The programs of higher education are improving. The demands for a college education are becoming more urgent. The returns are gratifying. We have just begun to invest.

^{18/} 1962-1963 Voluntary Support of America's Colleges and Universities, Council for Financial Aid to Education (New York).

UNITED STATES DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service

CURRENT DEVELOPMENTS IN U.S. FOREIGN TRADE IN FARM PRODUCTS

Talk by Raymond A. Ioanes /
Administrator, Foreign Agricultural Service
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 2:45 p.m., Monday, November 16, 1964

What we said here last year is even more true today -- "These are exciting times in the foreign trade field."

Since we met a year ago, we have seen at least 10 big headlines take shape in agricultural foreign trade:

The biggest event of all was our dramatic expansion to a new plateau of \$6 billion annual agricultural exports. We achieved this four years ahead of our projections that had been set up a few years ago.

A series of headlines came out of the preparations, frustrations, and eventual postponement in the agricultural sector of the GATT negotiations.

Since we met a year ago we've seen an unexpected world shortage of red meat develop and now we're importing less and even exporting some beef.

Also, we've seen the world dairy surplus shrink sharply, and I think we're still asking ourselves what became of it.

We've had some classic examples of what world weather can do to trade. Last year we picked up additional export sales because of bad harvests abroad; this year the world's weather generally has been good and we're not getting this extra demand.

We're finding the bars coming down on agricultural trade with the communist countries -- not so much as far as the United States is concerned but for a number of other Western countries.

During the year we turned the spotlight more than ever before on the need for international agreement on food laws that aid rather than impede world trade in food products.

The Congress authorized continuation of the Public Law 480 (Food for Peace) program for two more years and placed new emphasis on greater returns to the United States.

A new trade policy Bloc emerged during the year, made up of the less developed nations who are getting organized and are seeking more favorable terms of trade with the developed nations.

And, finally, we are finding that our own export expansion programs overseas are running head-on into similar promotion efforts by our competitors, sometimes even more intensified than our own.

We can't examine all 10 of these headline developments at this time but I think four of them are particularly significant and should be explored: The Kennedy Round of GATT negotiations, world beef trade, East-West trade, and our new high-level export plateau.

GATT negotiations. Today, November 16, major participants in the Kennedy Round were to have deposited their exceptions lists, on both agricultural and industrial products, and with these on the table the scope of the negotiations would have been clearly defined.

But the EEC served notice that it was not ready to participate in agricultural negotiations, due to internal disagreement over grain price levels. The agricultural exceptions lists are not being deposited today and the agricultural part of the negotiations has been postponed, we hope for no more than a few weeks.

The question as I see it is not whether there will be negotiations that include agriculture but when. There has been no change in basic U.S. policy regarding these negotiations. This policy which was stated last spring by President Johnson still stands:

"I look forward with a certain amount of prudent optimism to the round of negotiations which the 1962 (Trade Expansion) Act, by our Congress, has made possible. Of course, we will need to be patient and persistent. We will need at all times, of course, to be firm. We are willing to offer our free world friends access to American markets, but we expect and we must have access to their markets also. That applies to our agricultural as well as our industrial exports.

"The United States will enter into no ultimate agreement unless progress is registered toward trade liberalization on the products of our farms as well as our factories."

The immediate reason for delay in the agricultural sector of negotiations is the Common Market's insistence that it must achieve internal agreement on grain prices before it can negotiate successfully. We do not agree that this is necessary but the EEC has stood firm.

The French are trying to get agreement on grain prices within EEC by December 15, and their main dispute is with West Germany over price levels -- the Germans wanting higher prices, the French wanting lower prices, but both

wanting prices high enough that unquestionably total EEC grain production would be stimulated and imports from outside suppliers such as the U. S. would shrink in the years ahead.

In view of the outlook for declining grain sales to the Common Market under its variable levy system, we have sought to work out with the EEC a market sharing formula. A useful precedent for this is our grains agreement with the United Kingdom, concluded last April. The U.K. has adopted new policies on imports of grains, which could be restrictive, but in so doing also has recognized the access rights of its traditional suppliers, including the United States. The access assurances given by the British include a commitment by the Government to take corrective action if total grain imports show an appreciable decline below the average of the three years ending July 1, this year.

We would all be happier if the GATT negotiations were going forward today as scheduled, without this postponement in agriculture. It is a complex problem in which grain prices are only part of the issue. The basic purpose of the Kennedy Round is to remove trade impediments and encourage the flow of trade. We and a number of our trading partners seek agreement on rules which would permit negotiation of access for variable levy items and reductions in fixed tariffs, both. The Common Market proposes a system for negotiation which would measure existing levels of protection and would undertake to freeze these levels, a philosophy which is contrary to the basic purpose of the negotiations since it contains no element of liberalization.

In our own approach to the GATT negotiations, we are well reinforced by the evidence that a liberal trade policy has consistently helped American farmers to capitalize on their export market potential. Since the Reciprocal Trade Agreements Act of 1934 was put on the books, there has been a marked increase in our agricultural exports for dollars as compared with imports of competitive agricultural products. During the first five years after the Act was passed, our agricultural dollar exports exceeded competitive imports by one-fifth. During the last 5 years of the 1950's, dollar exports exceeded competitive imports by one-half. During these most recent five years, our dollar agricultural exports exceeded competitive imports by three-fourths. The average favorable balance grew from \$132 million a year in 1935-39, to \$784 million a year in 1955-59, to \$1,568 million a year in 1960-64.

The basic trade issue today, as it has been all along, is liberalism versus protectionism. This basic trade issue is further complicated by other ramifications of a military and foreign affairs nature, including NATO and MLF. The weeks immediately ahead will be critical ones in our Atlantic relationships.

World beef trade. Beef consumption goes up with rising standards of living, and for the world as a whole there is a steady uptrend in beef production and consumption. During the last 10 years, world beef output in 44 major producing countries has increased 40 percent and beef trade has increased 60 percent.

Since a year ago, however, we have seen an abrupt change -- a temporary change -- in the direction of world beef trade. As dramatic evidence of this, cattle boats are running again from the United States for the first time in about 50 years and so far this year they have carried about 5500 head of live feeder cattle to Italy. Veal is in such demand in Italy that in recent weeks over 6500 head of our veal calves have been flown there by air transport to supply this new market.

Although world demand for beef is up, particularly in Europe and Japan, production outside the United States has temporarily declined. Europe is rebuilding herds to make up for the heavy slaughter that followed the severe 1962-63 winter, and Argentina is rebuilding herds to make up for the slaughter that followed its 1962-63 drought.

Our own beef trade is benefiting from the current world beef shortage. Our imports of beef, which were unduly large in 1963, are expected to be down about 25 percent for 1964. Our exports of cattle and beef, though not large in terms of our total supply, are expected to increase about threefold.

The beef shortage is particularly acute in Western Europe. Like rising costs of other foods, high prices of beef are contributing to inflationary pressures -- and causing considerable worry to consumers and governments. In January of this year, food costs in the U.S. were only 6 percent above the 1958 level, but in France they were up 26 percent, Italy 21 percent, the Netherlands 19 percent, and West Germany 14 percent. Currently the French housewife is paying \$1.50 a pound for strip loin, \$1.40 for round steak, and 94 cents for hamburger.

With market trends like this, we are doing our best to move in with supplies to help meet the demand. In the large SIAL food exhibition that closes today in Paris, we have had a 9-day promotion of American beef directed both at consumers and the meat trade. French meat officials and buyers have been in the U.S. looking at our supplies. There is good prospect of exporting beef to France in some volume. Such exports are made possible by the fact that the French, in order to make up for short domestic production, had lowered their duty on beef to 6 percent in June and now have it at 12 percent, in place of the 20 percent that might be expected under their variable levy system.

France's imports of fresh and frozen beef from the U.S., I might add, will be in addition to its steady demand for such variety meats as beef livers and tongues which during January-September had reached a value of \$8.7 million.

We are glad to sell France or any other country increased amounts of our beef. We are glad to see them reduce their duties, even though temporarily, to make such sales possible. But isn't there also a moral here? Aren't we seeing now that countries that are in and out of world beef trade -- lowering

their duties when supplies are short, raising their duties when supplies are long -- are contributing to world beef trade problems rather than providing solutions?

I think it is fair also to ask the question: Was it our low duties that attracted so much beef into the United States last year, or was it the high duties and other barriers of so many other countries which deflected beef to us because it couldn't get into their markets?

If we could get uniformly reasonable and stable duties on beef in major markets of the world, I think we would have no problems with our own low duties. But none of us expects to get such action through normal developments and that is why, through the GATT, we are pressing strongly for a beef agreement that will help establish orderly flows of beef in world trade. The Congress enacted new legislation during this past session aimed at preventing any abnormally large influx of foreign beef in the future, and we look on this as helpful stand-by authority for use if needed as we try to get greater international understanding and agreement.

East-West trade. One of the important trade developments has been the large-scale buying of wheat by communist countries from the capitalist countries, particularly the purchases last year by the Soviet Union and since 1960 by Communist China. The United States has participated in this development -- mainly the 65 million bushels of wheat that our grain trade sold this past fiscal year to the Soviet Union.

But the very fact that Canada and Australia, particularly, and to a lesser extent, France and Argentina, have been selling to the Soviet Union and Communist China has drained large amounts of wheat from regular market competition. This would be more of a plus for our own marketing position except that this communist demand has also stimulated expanded wheat production among our wheat competitors.

The Soviet Union has a good crop and is not buying much wheat this year, although Communist China is. It is not safe to count on Russia as a wheat importer except in years of exceptionally bad crops. The Soviet Union has the largest wheat acreage in the world -- over 160 million acres -- and even though yields are low, especially on the marginal new lands, reasonably good weather produces a lot of wheat. The Soviet Government is trying to expand agricultural production by substantially more manufacture and use of chemical fertilizers and through better farming practices. Also, as diets slowly improve in Russia, heavy breadgrain consumption is likely to decrease -- which means wheat produced will go further in satisfying consumer demand (although this trend also will increase demand for feed grains for livestock). Despite restraints of climate and the collectivized system with its management problems and insufficient incentives, an increase in wheat production in the Soviet Union is likely over the next few years. Not all this wheat will necessarily show up in the market. Soviet officials would like to build up a large stockpile of wheat as a cushion against future bad crops and thereby reduce need for large imports in bad years.

Khrushchev once said he had in mind stocks amounting to half a year's or even a full year's requirements.

From 1958 to 1962 the Soviet Union was an exporter of wheat, from 4 to 6 million metric tons a year mainly to other communist countries. No doubt she would like to get back into this position. If Eastern European countries become more oriented toward the West, this would be a factor against such trade -- but this sort of development is highly uncertain. The principle of bilateralism on which the trade between communist countries is based and the inconvertibility of their currencies favor trade between the communist countries.

As part of our changing times it is interesting to note how Eastern Europe has moved from a grain exporter before the war to a grain importer. The area continues to export livestock products and, if satisfactory trading arrangements are developed, there may be an opportunity for a small increase in our grain exports.

Communist China continues to be a major factor in the world grain market. Since 1960 it has bought over 22 million metric tons of grain at an estimated cost of more than \$1.5 billion. Purchases for delivery this year are the biggest to date and probably will total about 7 million tons. Canada and Argentina have some forward delivery commitments for 1965 and 1966. We expect France and Australia will make some forward commitments, too. We think purchases at this level will need to continue unless the Chinese downgrade their already low diets.

Communist China's official line is that they plan to continue importing cheaper grains, such as wheat and feed grains, and export the higher priced rice and soybeans. It is true that we have seen a return to fairly substantial exports of soybeans but so far there is not much evidence of rice coming out in any quantity.

The export outlook. In Outlook Conference tradition, I'd like to conclude with some thought about where we are in agricultural exports and where we seem to be going.

We have a number of export expansion activities underway that we did not have 10 years ago. These are having a favorable impact and they will continue to do so. For example, we have our cooperative market development program in which the Department of Agriculture and 47 U. S. agricultural and trade groups have pooled money and talent to carry out export sales efforts in 67 different countries. The sale of every major American agricultural product is actively being promoted abroad.

We have asked ourselves how far we can justifiably go in such promotion -- and have concluded there is no statistical answer to this, for it is a matter of judgment. We find some of our foreign competitors are spending much more on

export promotion, in comparison to the size of their exports, than we are. In fiscal year 1963 the U. S. spent about \$15.8 million promoting sales of agricultural products abroad. In relation to the size of exports, Israel and Denmark spent at a rate 5 times greater than ours, and the rate of activity of New Zealand and Australia also was ahead of ours.

The International Wool Secretariat has embarked on a greatly expanded program to promote the use of wool by consumers everywhere, and the wool-growers of Australia, New Zealand, and South Africa are providing an annual promotion budget of over \$36 million -- which is further augmented by contributions from a number of other countries, including 12 in Europe. By comparison what we are doing to promote sales of cotton -- \$2.3 million last fiscal year -- is small indeed.

This is not by way of apologizing for our agricultural export accomplishments however, for the \$6.1 billion record attained last year put us up to a new level never attained before. We're equally proud of the fact that the \$1 billion increase in exports over the previous year was practically all in increased sales for dollars.

During the current fiscal year 1965, we look for a slight drop in the export total -- perhaps down to \$5.9 billion. Most of last year's record was solid enterprise and will be maintained. The drop will reflect the fact that Western and Eastern Europe have good crops and are not expected to turn to us for extra supplies, as they did last year. I look on this drop as only temporary.

Our agricultural exports seem to go in a series of plateaus. I recall a few years ago when we got onto a \$3 billion export plateau for a few years -- then went up to a \$4 billion plateau -- then up to a \$5 billion plateau. Now I think we're more or less on a new \$6 billion plateau and will be there for the next several years.

By 1970, I fully expect we will move on to a new \$7 billion export plateau. We have the supplies and the export market will be needing them. Some years ago an export figure of \$7 billion for one year would have sounded fantastic -- but all we have to do is look back over the trend of this recent period and it begins to look like a very reasonable goal.

I have been speaking specifically of exports. Since foreign trade is a two-way street, I also should comment on imports.

In contrast to our agricultural exports, which have been rising dramatically, our agricultural imports are remaining rather constant. Last year's exports of farm products for dollars came to \$4.5 billion. This was more than twice the size of our competitive imports. Therefore it is fair to say that in our commercial agricultural trade we had a favorable ratio of 2 to 1 -- which, as Secretary Freeman recently said in the context of liberal trade policy, is something like having your cake and eating it too.

[70-8]

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary

+ FARM POLICY ISSUES FOR THE YEARS AHEAD +

Talk by Charles S. Murphy, Under Secretary of Agriculture,
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 9:40 A.M., Monday, November 16, 1964

I am glad to be here again this year.

At the last Outlook Conference, I talked to you asome about how outlook information is used in the process of making decisions in carrying on our farm programs.

The outlook affects those decisions significantly, and at the same time there is a feedback -- the decisions on farm programs can and do change the outlook. This past year was a classic case.

Last fall, at this time, this conference looked for a drop in farm income in 1964 as a result of the defeat of the wheat referendum. But then a new wheat program was enacted earlier this year -- and realized net farm income this year is running just about the same as last year.

In fact, we have had an unusually long period of 4 years of stable, fairly high incomes as compared with past experience. In a real sense, this is an index of effective response of farm programs to an unfavorable outlook.

Although this conference is focused primarily on the outlook for 1965, I want to take a longer look at the major policy issues. By and large, the commodity programs that we have now will be in effect next year and the outlook is clarified to that extent. But by 1966, a number of farm program decisions will have to be made by the Congress -- at least with respect to feed grains, cotton, wheat and wool, and perhaps for other commodities as well. The dialogue will start early in the next session of the Congress.

Probably the discussions will hold within a narrower range than in previous years -- well within the outer limits of pervasive mandatory controls on the one hand and the "free market" on the other. A consensus appears to have developed toward the broad middle ground -- and I do not rest this conclusion only on the results of the first Tuesday following the first Monday in November. It is apparent also in the report of the National Agricultural Advisory Commission Farm Policy In The Years Ahead published last week. I should add that the Commission, which is appointed by the President, is made up of distinguished farm leaders of both major parties, and their report will provide a bipartisan base for consideration. You will find this document very helpful to understanding our present problems and the direction of future policy.

The broad middle ground -- the course we are now pursuing -- has been effective in raising the level of farm income and maintaining that higher level during the past 4 years. We hope for and expect further progress in improving farm income. But we must recognize that our ability to achieve such improvement is limited by the kinds of programs farmers find acceptable and by the levels of cost to the Government.

President Johnson has established a goal of parity of income and parity of opportunity for farm families and for other rural people as well. It is important to remember that, in terms of people, the non-farm part of this goal is far larger than the farm part. Even today, fewer than one-fourth of our rural people live on farms. In the years ahead, it will be still less. And over half of those who do live on farms will be on part-time or retirement farms, or other farms with resources inadequate to provide a decent living from farming operations.

In the farm sector of the rural economy, we should certainly seek to make it possible for the efficient family farmers who account for most farm production to reach parity of income from farming operations. By parity of income, I mean returns to the efficient farm operator for his capital, labor, and management comparable to returns received in other pursuits.

There are somewhat less than a million farms in the United States that sell more than \$10,000 worth of products annually. These efficient farms make up only 27 percent of the total number of farms, but market nearly four-fifths of the total product. They have the capacity to produce all of the nation's needs for agricultural products in the foreseeable future.

There is good reason to be optimistic about the long-run future for the efficient commercial family farms. They have sufficient resources, present and potential, to provide their operators with satisfactory returns.

Analyses made in the Department indicate that a substantial part of the efficient family farms are now receiving returns roughly near "income parity". In fact, average returns for the top 1 million farms would have been at parity in 1963 if gross farm income had been increased about 5 percent, either by higher prices or larger Government payments. The increase in net income would have had to be larger in percentage terms -- perhaps 10 to 15 percent above 1963 -- for returns to this group of farm operators to have been at parity.

We must emphasize this point: The income position of these farmers is as favorable as it is only because of our price and income support programs. Their outlook will continue this favorable only so long as effective Government farm programs continue.

The price and income programs now in effect have been evolving over three decades. They are working reasonably well. There appears to be little prospect for drastic or radical changes at the present time.

Few any longer seriously propose junking our programs. Studies made here in the Department, at Iowa State University and Cornell University, and just last month by Dr. Walter Wilcox for the Congress, have documented the catastrophe that would result from such a course.

Dr. Wilcox finds that if price support and acreage diversion programs had not been in effect in the 1961-63 period, net farm income would have averaged only about \$6 billion a year. This is less than half the average of \$12.6 billion actually received. Economists like to talk about multipliers. In this case, each \$100 of Commodity Credit Corporation expenditures on price support and acreage diversion programs increased farm income by \$236.

Net income would have been even lower, if, in addition, there had been no marketing orders, Public Law 480 exports, or agricultural conservation payments.

If a return to a mythical free market for agriculture is not a realistic alternative, neither are we likely to take the road to further mandatory restrictions on production. Neither the farmers nor the Congress appear ready to accept such a course, even though it might provide price and income support at less cost to the Government than other kinds of programs.

To say that drastic changes in our price and income programs are not in prospect does not rule out the need of making any changes. We must continually reappraise our programs to maintain farm income, to hold down costs to the taxpayer, and to keep them responsive to the needs of our rapidly changing agriculture. Program changes could be of major significance, although not drastic or radical.

I am not going to offer you a blueprint for future program changes this morning, but let me suggest a couple of examples that might well be in the general interest.

First, we need to develop a larger, more effective long-run land retirement program. Our problems of overcapacity are going to be with us for a long time. We are now paying to withhold about 57 million acres in the feed grain, wheat and Conservation Reserve programs. We will continue to have somewhere between 50 to 80 million acres more cropland available than we need for farm production. As a minimum, such a program should provide for the retirement, more or less permanently, of submarginal land not needed for farming. It also should provide a better way to divert land not needed in the short-run because of excess capacity.

Second, the National Advisory Commission has proposed -- and I agree -- that producers ought to take a look at quantity limitations rather than acreage limitations for some crops such as tobacco where mandatory production controls are in effect. Tobacco producers as well as the rest of the tobacco industry have been seriously discussing poundage quotas for several years. Emphasis on high yields under acreage limitations has created a serious quality problem. Under poundage quotas, growers would have a greater incentive to produce high quality tobacco in order to receive more dollars for the quantity allowed. This would improve the competitive position of American tobacco in the export market. Tobacco producers should consider this suggestion carefully. Primarily, it will be up to them.

Now I want to turn to another outlook -- away from "commodity outlook" to "people outlook". I have noted that this conference will consider the problems of rural people as well. Commodity programs may be the proper route for the 1 million or so farm families of efficient commercial agriculture. But they cannot provide adequate income for the 2-1/2 million families on the smaller farms or for the 12 million other families of rural America.

A prosperous commercial agriculture is a necessary foundation for the economy of rural America. But programs for commercial agriculture cannot alone create the parity of opportunity that rural people must have if they are to achieve a standard of living comparable to that of city people. Only 1 out of 10 boys now growing up on farms can expect to make a decent living as farm operators.

In rural America, there are massive problems of a chronic nature -- problems of surplus manpower, of inadequate education, of substandard income and substandard living conditions. This is really the great challenge for the years ahead.

Rural America has half of the nation's poverty, although it contains less than a third of the total population.

The percentage of dilapidated and substandard houses in rural areas is three times that of the cities. A fourth of all farm homes and a fifth of rural non-farm homes do not have running water.

Rural children get a third less medical care than those in nearby cities. Their mortality rate is 50 percent higher. They get less schooling and less money is spent on their education than for children in cities.

This is the classic "vicious circle". Lack of resources has kept rural America from providing the educational, health, and other public services necessary to develop the skills and talents of its citizens. And because the lack of skills has kept earning power low, rural America has been unable to accumulate the resources it needs.

Breaking this circle is our most important job in the years ahead.

One figure illustrates what we have to do. The increase in jobs needed between 1960 and 1970 to absorb the increase in the rural labor force, and to

alleviate rural unemployment and rural underemployment, is over 6 million. This is an increase of 40 percent over the total number of rural employment opportunities existing in 1960.

Not all of these new jobs must be found in rural America. The increasing efficiency of agriculture will release additional manpower, and migration from farms to cities will continue.

But experience proves we cannot look to migration to solve the ills of rural America. The flow of rural population into the cities has left serious problems in its wake.

Many rural areas have been stripped of their younger, best educated and most productive citizens. This loss of human resources and potential leadership has seriously weakened rural institutions.

For many other farm people uprooted by technological change, particularly the poorly educated, migration has meant exchanging poverty in the country for poverty in the city.

Our first step in coping with the problem of poverty in rural America is to give our rural youth a chance to compete successfully for a decent income, either in the city or in the country. Many of us believe that the number one "farm problem" now and for the future is the widespread deficiency in rural education.

The humanitarian reasons for providing equality of opportunity for our rural youth are obvious. The economic justification is just as compelling. Various studies have demonstrated that the returns for public investment in human resources provide greater returns than investment in physical or natural resources. For example, returns on investment in primary education appear to be about 35 percent for the nation as a whole, and it probably is much greater

for some of the disadvantaged groups. Returns on a typical water or land resource investment, on the other hand, seldom reach 10 percent.

Our public policies for rural America have been too heavily weighted in favor of investment in real estate, or plants and animals, as compared with investment in human development. We must shift the emphasis toward greater investment in people.

One of our major objectives is to give rural people a fair chance to choose whether they stay in their home communities or move to the city. For many, it is a very poor choice under present conditions, considering the disadvantages of education, jobs and incomes, housing and public facilities, in rural areas.

How to move all of rural America and its people into the mainstream of national economic progress may well occupy the center stage of policy issues with which this conference will be concerned in the years ahead.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

+ THE LOW INCOME PROBLEM IN AGRICULTURE +

Talk by Elmer J. Moore*

Resource Development Economics Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 10:00 A. M., Tuesday, November 17, 1964

For many years, relatively low incomes have characterized a considerable part of rural America. Federal, State, and local governments recognized that many disadvantaged rural families needed special assistance to become more productive and to share more fully in the economic growth and stability. This was first manifest in considerable degrees during the depression of the 1930's. Yet, the low-income problems persisted and became even more pervasive after the implementation of remedial programs and the national economic growth of the last 30 years.

Many of the rural areas that are recognized as the loci of problems were so designated in the 1930's. 1/ Perhaps, some of our ideas as to causes and the lack of programs for the solutions of low income problems have allowed them to persist.

In the Department, there is considerable concern about how to improve the economic opportunities of rural farm people in low-income areas. For example, the Rural Development Program, inaugurated in 1956, included as one of its objectives an emphasis on research to gain a clearer understanding of the low-production farm problem and of the farm and area adjustment opportunities that face farm operators and other rural families. This program has been expanded and broadened to improve the living standards of rural communities through rural renewal and rural areas development.

The Food and Agriculture Program for the 1960's is aimed at development. 2/ The focus is on creation of new opportunities and new incentives for those who gain a living from the land and who depend upon it indirectly,

* Robert B. Glasgow and John M. Zimmer provided some of the basic data and contributed to the analysis of the low-income problem.
1/ For example see: "Report of the President's Committee on Farm Tenancy", 1937.
2/ Food and Agriculture -- A Program for the 1960's. United States Department of Agriculture, Washington, D. C., March 1962.

and the improvements in education and training which will enable them to use such opportunities. It is believed that young people will gain most from such a program, which will increase the number of opportunities, the awareness of them, and capacities to take advantage of them.

Today, we shall be concerned with the location, extent and forecast the form and direction of the low-income problem in the agricultural sector of our national economy. Related emerging issues and policy implications will be briefly noted.

The Problem: Nature, Extent, and Causes

The low-income sector of agriculture contrasts sharply with the highly productive and efficient segment.

Some farmers have a high level of living. Farm programs and new farming methods enabled efficient farmers to become more efficient. But, farmers at the top are not in the same league as those at the bottom.

Low incomes are the result of both economic and noneconomic causes. Economic causes include those determinants of income that can be altered through recombinations of and changes in utilization of productive resources. Noneconomic causes of low income are the characteristics, attitudes, and values of people that influence the disposition, utilizations, and earnings of productive resources.

The economic causes of low incomes in agriculture stem from two factors affecting production and the general inelasticity of demand for agricultural products. These two factors subsume a long list of specific causes. 3/ They are:

1. An evolving technology of agricultural production which has (a) steadily increased the output per unit of resource input, and (b) altered the technical conditions of production so that a given labor force can efficiently be combined with increasing quantities of other resources.
2. Significant underemployment of the human agent.

Involuntary economic underemployment of the human agent is defined as the presence in a labor force of large numbers of persons whose real earnings

3/ For a list of causes, see, Buis T. Inman and John E. Southern. Opportunities for Economic Development in Low-Production Farm Areas, Farm Economics Research Division, Agricultural Research Service, Agr. Inform. Bul. 234, p. 38.

to labor services are below the level of earnings attained by large groups of persons with comparable income earning capacities and economically relevant values and tastes. 4/ Under this definition, economic underemployment subsumes the situation where returns to labor are low because the quantity of physical resources is inadequate or inefficiently combined with the human agent.

Extent of underemployment.---It is commonly recognized that there is substantial underemployment in the agricultural labor force. A part of this is physical underemployment in the farm business that is too small to utilize the farm family labor resources during the entire year. However, economic underemployment is a more serious problem than physical underemployment or unemployment.

Low-incomes as such do not always indicate economic problems. The facts about relatively low income and conventional unemployment are paradoxical. That is, a majority of the unemployed have more than \$3,000 of annual family income. Most of the families with less than that amount of income are not unemployed. Perhaps, it would be easier to help those who are both unemployed and poor than to help those who are poor but not classed as unemployed. For the former, a welfare program may be the only solution, but for the latter it is more difficult to break such complex problems into elemental and easily understood parts.

Low-incomes are not confined to rural areas, but, there is a far greater incidence of the problem within rural than in the urban areas. For example, in 1959, approximately 17.4 million rural people were living in poverty. Persons considered to be living in poverty are those in families with incomes less than \$3,000 or unrelated individuals whose incomes are less than \$1,500. Almost 16 million were members of 4.4 million families and nearly 1.6 million were unrelated individuals. Of the 16 million people in families, 10 million were rural nonfarm residents and 6 million lived on farms. Of the 1.6 million unrelated individuals, 1.4 million were nonfarm residents and 200,000 lived on farms. A little over 12 million were whites, nearly 3.5 million were Negroes, and about 250,000 were American Indians.

Low-income families in predominantly rural areas are becoming significantly worse off relative to the national average. In 1959, for example, 91 percent of the counties with the lowest two-fifths of median family income had no population center over 5,000 persons. These counties, with less than half the national average percentage increase in median family income between 1949 and 1959, had 86 percent rural population.

4/ For a detailed discussion of underemployment see "Considerations for Planning Economic Development of Rural Areas" by Robert B. Glasgow and E. L. Baum, speech prepared for The American Farm Economic Association Annual Meeting, August 1963.

The location of economic underemployment indicates that the concentration of low-incomes among rural people cannot be explained in terms of differential income earning capacities.

Glasgow and Baum concluded that the incomes of each age group of rural farm males would have to be raised substantially to equal labor returns received by males of comparable income earning capacity in the economy as a whole. Farm males between 20 and 24 years of age, come nearest to receiving returns comparable with those of all males in the United States having comparable earning capacity, but, need 34 percent higher median income to be equal. Increase in income of farm males necessary to give incomes of comparable urban males, 1959 were:

<u>Age</u>	<u>Percent</u>
20-24	34
25-34	50
35-44	52
45-54	68
55-64	88

Farm males age 20-24 fared best compared with urban males of the same age, but needed 34 percent higher median incomes to be equivalent to the urban males. With increasing age, disparity increased between rural and urban workers.

The estimated unemployed equivalent of economic underemployment for age and sex groups of the rural farm and rural nonfarm populations of the United States in 1959 was equivalent to 2.2 million man equivalents of unemployment among males age 20 to 64. This is 13 percent of the 16.5 million rural males between 20 and 64 years of age, in the labor force. More than half of this total unemployment equivalent of underemployment was among rural farm males.

Economic underemployment, except for workers involuntarily working part-time, cannot be directly observed and its magnitude determined. The presence and extent of economic underemployment must largely be inferred. Considerable study is needed in this area.

Geographic.--The low-income problem is heavily concentrated within particular geographic areas, which intensifies the overall problem (charts 1, 2, and 3). It restricts the level of many local governmental or group activities to improve schools, transportation, health measures, and resource development. Thus, the community or area with generally low-incomes tend to be perpetuated because social investment is small in contrast with an area where incomes are higher.

About two-thirds (64 percent) of low-income farm operators of the United States are in the East South Central (27 percent), South Atlantic

(22 percent), and West South Central (15 percent) region. In 1959, about one-third of all farms in the three regions were low-income farms.

White and Nonwhite Farm Operator Households

In most of the major economic activity sectors of the United States, nonwhite persons and families are disproportionately concentrated in the low economic levels. This condition holds among farm operators. But, low-income is distinctly not predominantly a problem of nonwhite families. For example, in 1959, 87 percent of the nonwhite and 42 percent of the white farm operator families had total income from all sources less than \$3,000. Ninety-six percent of the nonwhite and 66 percent of the white farm-operator families had total income of less than \$5,000. Nonwhite farm operators comprise only 3 percent of the all farm-operator households (table 1).

Changes.---Between 1950 and 1959, the proportion of nonwhites decreased both among farm operators and the population of farm-operator households. In contrast, there was a small increase in the proportion of nonwhites in the total population of the country, reversing the situation that existed in 1950.

Major decreases occurred in the total number of farm operators between 1950 and 1959 and similar decreases are expected between 1960 and 1970. Total number of farm operators, for example, decreased about 31 percent between 1950 and 1960. By 1970, on the basis of mortality alone a further decrease of 31.5 percent from 1960 is expected, resulting in an estimated 2.5 million farm operators (tables 2 and 3). In 1970, about 57 percent of the farm operators will be 55 years of age and over, compared with 34 percent in 1960.

The number of large commercial farms (defined as those with sales of over \$10,000 per farm in 1959) is increasing and will continue to increase. However, the number of small commercial farms (defined as those with sales of between \$2,500 and \$9,999 per farm) is declining rapidly. The number of "other farms" has declined sharply since World War II, but the trend is leveling off in the 1960's. These farms have a stable and perhaps growing place in the rural scene. Thus, the major source of the decline in employment in farming will be farm-operator families on the small commercial farms.

Available data indicate that the number of low-income farm operators decreased at a faster rate than did high-income farm operators. For example, in the South, between 1920 and 1959, the number of nonwhite farm operators decreased from 912,000 to 263,000, whereas the number of white farm operators decreased from 2.3 million to 1.4 million.

By 1970, in the South the number of farm operators 55 years old and over is expected to exceed half a million, compared with about two-thirds

of a million in 1959. ^{5/} The number under 55 years old probably will be reduced from the present 1 million to less than one-half million by 1970.

In the South, two-thirds of all farm operators were 45 years of age and over, whereas 19 percent of the whites and six-tenths of 1 percent of the nonwhites were under 25 years old in 1950 (table 4). Consequently, the older segment is about twice as large as the younger segment but may be about four times as large by 1970. This relationship suggests that it will take several decades for time alone to reduce the total low-income problem.

Solutions to the Low-Income Problem

As previously mentioned, the relatively low-incomes in rural areas was regarded as a public problem since the 1930's. During that period, programs were designed to improve the economic well-being of rural people by income transfers and increasing agricultural self-sufficiency. These programs included large-scale rural relief (both direct and work project), farm rehabilitation for families with a farm background, Federal purchases of submarginal land, rural resettlement, supervised farm credit, and tenant-purchase loans. Emphasis on these programs ended with World War II.

The results achieved by these programs indicate that relatively low incomes in rural areas can be raised by effective public policies and programs.

Another way to solve the low-income problem in rural areas is to increase the productivity of its people. However, additional advances in technology of agricultural production will increase the output per unit of resource input and further reduce labor requirements in relation to other physical resources. Also, with increased output, the inelasticity of demand for agricultural products will reduce total income from farming.

Perhaps it is unreasonable to expect equal rates of progress to be achieved among all low-income families or in all low-income areas. Little can be done for some low-income families. This means some people must change to new employment. But because of advanced age, limited physical conditions and lack of education and training many low-income farm people can be helped only through welfare measures, such as social security, old-age pensions, and aid to dependent children. For example, about 50 percent of the low-income farm operators are over 50 years of age.

^{5/} Tolley, G. B. and Hjort, H. W. "Age-Mobility and Southern Farmer Skill-Looking Ahead, for Area Development, Journal of Farm Economics, Vol. 45, No. 1, Feb. 1963, pp. 31-46.

Nevertheless, a substantial movement of rural people from rural areas can be expected to continue in the future. That is, more people can be expected to leave agriculture as nonfarm employment offers better opportunities. Local, State, and Federal governments can assist this movement through: (1) Counseling and employment placement services; (2) financial assistance to help the low-income people move into nonfarm employment; and (3) training and retraining programs and providing better basic education for all people in low-income areas.

With a shift of underemployed farm operators and rural youths out of agriculture, special assistance will be needed to enable youth to participate fully or competitively in the projected increased demands for skilled workers. Available data indicate that most new jobs are developing in industries with predominantly female employment. In 1960-63, more women than men entered the labor force.

The total labor force in 1970 will be younger than it was in 1960. In 1960, about 20 percent were men and women under 25 years old; by 1970, this group will comprise about 25 percent of the labor force. Also, in 1970, there will be a smaller proportion of those in their prime working years -- that is, between the ages of 25 and 54. This means that an increasing number of young job seekers will be seeking a declining number of "beginner" jobs.

Conclusions

We conclude that rural farm and nonfarm families within the low-income sector of agriculture are especially vulnerable to the impact of supply-demand imbalances for the following reasons:

- (1) The agricultural sector is a highly competitive industry with ease of entry by workers who cannot readily find nonfarm employment.
- (2) Underemployment allows increased selectivity in the hiring of workers, which places the older, the poorly educated, the non-white, and other handicapped workers at a disadvantage in capturing employment opportunities. The number of workers in these categories combined is proportionately greater among underemployed farmworkers than among the major competitors of farmworkers for new nonfarm jobs.
- (3) Advances in technological development reduce labor requirements in agriculture. But the natural population increase in the rural sector far exceeds labor replacement needs.

- (4) The adoption of new techniques, increased supply of high-management-level operators, and high capital requirement for farming have combined to bring pressures which (1) reduce youth entry into farming and (2) force some low-income farm operators out of farming. The relative immobility of low-income farm operators pose serious problems when age characteristics, education and training, and size of family are considered. This group has been described as "locked-in" and "boxed-in", -- the hard core of the pockets of poverty.

The principal implications of this paper are:

- (1) The low-income problem will persist for the older low-income farmer and may become relatively more severe.
- (2) Benefits from agricultural oriented research, technical assistance, commodity price supports, and education programs, in the main, have by-passed the low-income farm operator family.
- (3) Attention needs to be focused on special programs to prepare farm and other rural youth for productive nonfarm careers.
- (4) The persistence of relatively low incomes in the agricultural sector indicates the need for programs designed to solve the low-income problem in agriculture.
- (5) Time alone will reduce, but not eliminate the low-income problem in the long-run. Only about 20 years will be required to reduce the total number of nonwhite farm operators, including the low-income group, to an almost irreducible and invisible number. Time will provide the path for the low income problem to be shifted from rural farm to other economic sectors.

MEDIAN FAMILY INCOME OF RURAL FAMILIES, 1959

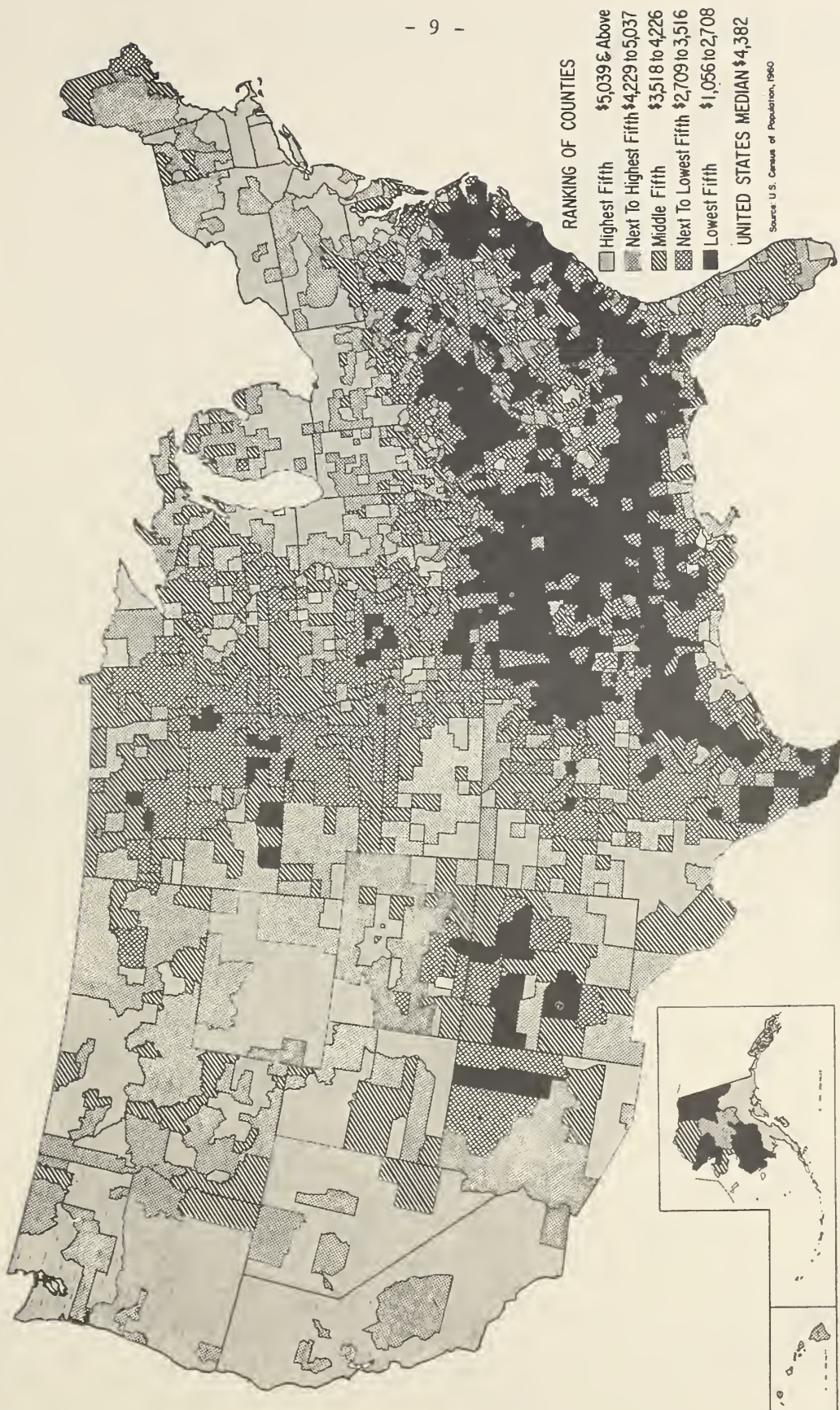


Figure 1

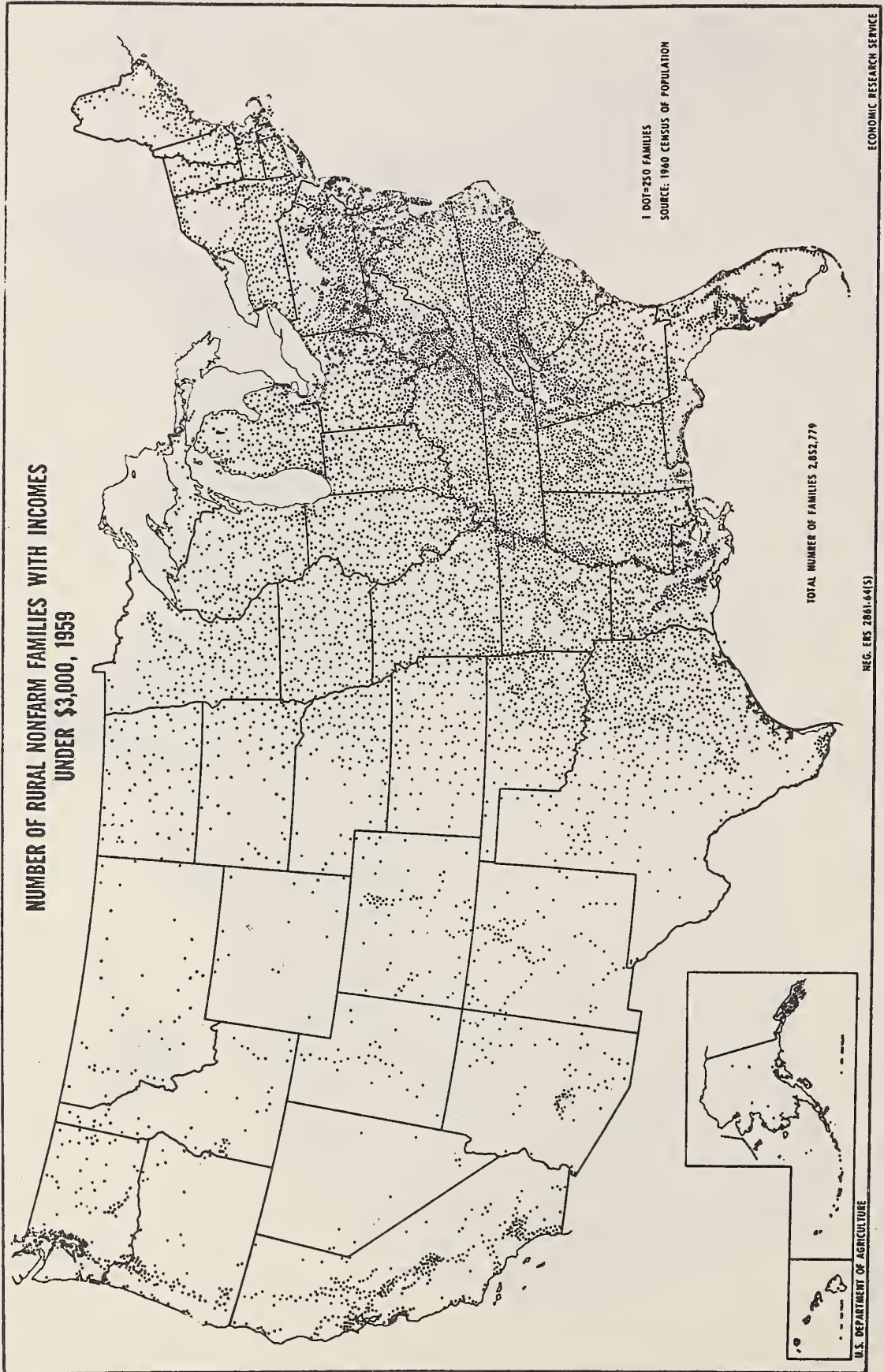


Figure 2

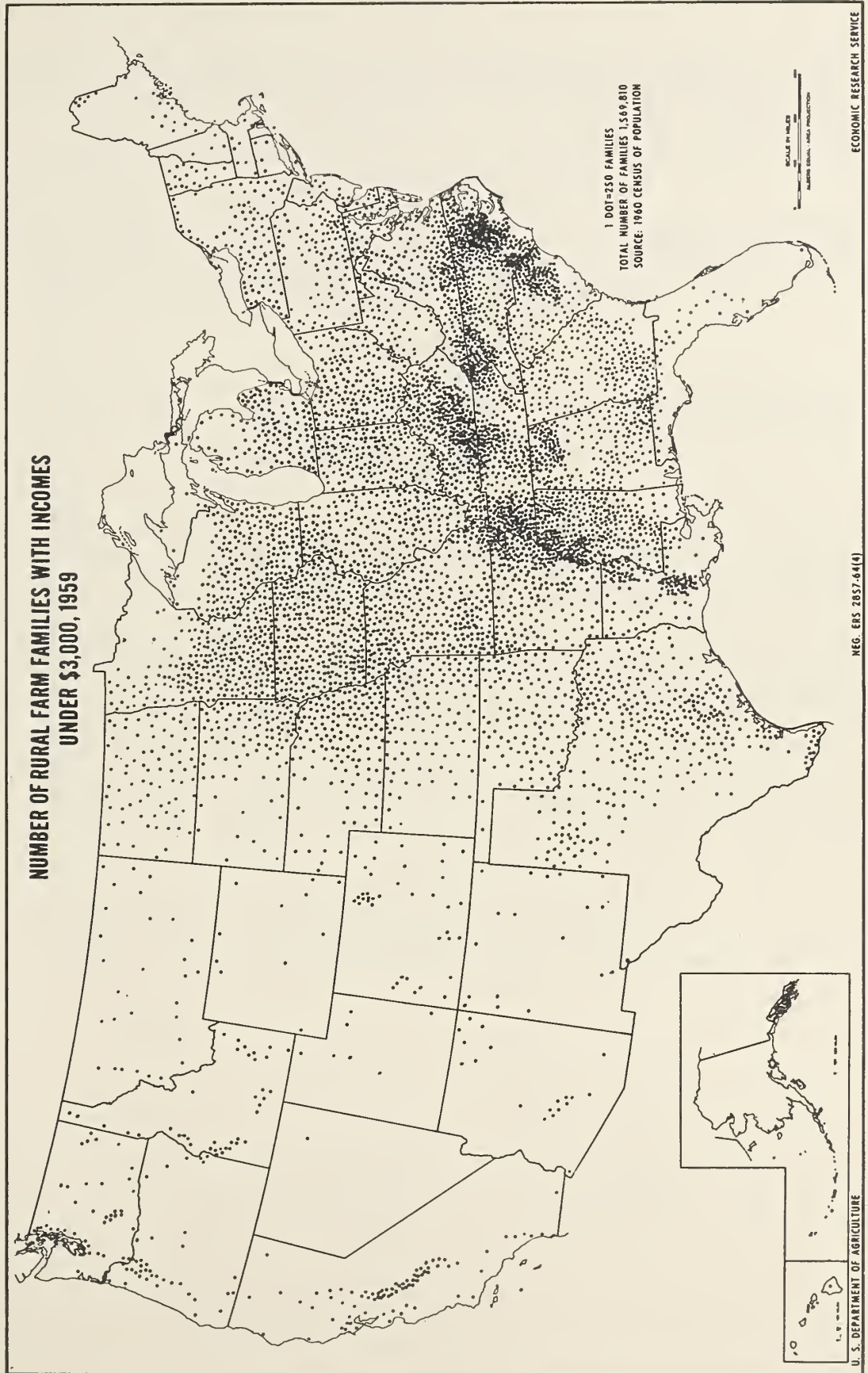


Figure 3

Table 1.--Percent distribution of white and nonwhite farm operator households by level of household income, United States, 1959

Household income from all sources	Households reporting income			Percent non- white operator households are of all house- holds
	Total	Farm operator (White)	Farm operator (Nonwhite)	
	<u>Number (000)</u>			
All households reporting income	3,169	2,927	242	7.6
	<u>Percent Distribution</u>			
All income levels	100.0	100.0	100.0	
\$7,000 or more-----	17.3	18.7	1.2	0.5
\$5,000 to \$6,999---	14.7	15.7	2.5	1.3
\$4,000 to \$4,999---	10.4	11.0	3.4	2.5
\$3,000 to \$3,999---	12.3	12.8	6.4	4.0
\$2,000 to \$2,999--	14.6	15.0	9.6	5.1
\$1,000 to \$1,999---	16.1	14.4	36.5	17.3
Under \$1000-----	14.6	12.4	40.4	21.2

Source: Derived from data of Economic Research Service, USDA, and The Agriculture Division, Bureau of the Census, USDC.

Table 2.--Farm operators by age and economic class of farm for the U. S., 1950 and 1960

Age	Total farms	Commercial farms by value of total farm sales						Other farms total
		Total						
		Over \$10,000	\$5,000 - \$9,999	\$2,500 - \$4,999	Under \$2,500			
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	
Farm operators, 1950								
Total-----	5,341.2	3,769.1	481.4	749.0	903.4	1,635.3	1,572.1	
Under 25 years-----	180.3	136.6	12.2	16.8	26.6	81.0	43.7	
25-34-----	869.4	640.5	101.6	146.1	159.2	233.6	228.9	
35-44-----	1,310.6	936.1	145.5	215.2	234.9	340.5	374.5	
45-54-----	1,189.1	841.1	119.9	189.4	198.7	333.1	348.0	
55-64-----	1,005.3	704.8	71.2	126.0	169.7	337.9	300.5	
65 and over-----	786.5	510.0	31.0	55.5	114.3	309.2	276.5	
Calculated number of farm operators surviving to 1960 from 1950								
Total-----	4,186.1	2,993.0	414.3	633.0	724.4	1,221.3	1,193.1	
Under 25 years-----	177.3	134.3	12.0	16.4	26.2	79.7	43.0	
25-34-----	851.2	627.1	99.5	143.0	155.9	228.7	224.1	
35-44-----	1,249.4	892.6	138.5	205.0	224.7	324.4	356.8	
45-54-----	1,046.0	739.8	105.4	166.6	174.8	293.0	306.2	
55-64-----	862.2	599.2	58.9	102.0	142.8	295.5	263.0	
65 and over-----								
Farm operators, 1960								
Total-----	3,248.2	2,261.4	817.9	596.5	541.4	305.6	986.8	
Under 25 years-----	53.1	42.9	10.9	13.1	11.9	7.0	10.2	
25-34-----	352.5	279.5	131.0	73.6	46.6	28.3	73.0	
35-44-----	701.7	517.8	231.4	132.2	108.6	45.6	183.9	
45-54-----	853.4	647.0	236.3	184.4	142.3	84.0	206.4	
55-64-----	733.9	543.0	150.1	132.9	140.1	119.9	190.9	
65 and over-----	553.6	231.2	58.2	60.3	91.9	20.8	322.4	

continued--

Table 2.--Farm operators by age and economic class of farm for the
U. S., 1950 and 1960 -- continued

Age	Total farms	Commercial farms by value of total farm sales						Other farms total
		Total	Over \$10,000	\$5,000 -- \$9,999	\$2,500 -- \$4,999	Under \$2,500		
(000)	(000)	(000)	(000)	(000)	(000)	(000)		
Difference between actual 1960 and calculated number of farm operators surviving to 1960								
Total-----	-937.9	-731.6	+403.6	-36.5	-183.0	-915.7	-206.3	
Under 25 years----	53.1	42.9	10.9	13.1	11.9	7.0	10.2	
25-34-----	175.2	145.2	119.0	57.2	20.4	51.4	30.0	
35-44-----	-149.5	-109.3	131.9	-10.8	-47.3	-183.1	-40.2	
45-54-----	-396.0	-245.6	97.8	-20.6	-82.4	-240.4	-150.4	
55-64-----	-312.1	-196.8	44.7	-33.7	-34.7	-173.1	-115.3	
65 and over-----	-308.6	-368.0	-0.7	-41.7	-50.9	-274.7	59.4	

Source: Derived from data of Economic Research Service, USDA, and The Agriculture
Division, Bureau of the Census, USDC.

Table 3.--Projection of 1960 farm operators surviving to 1970 by age and by economic class of farm, U. S.

Subject	Total farms	Commercial farms						Other farms		
		Total	Class I	Class II	Class III	Class IV	Class V	Class VI	Total: time and; abnormal:	Part-re tirement
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Operators total:	2,542.2	1,839.0	88.5	192.0	411.0	487.4	418.9	241.2	703.2	137.6
15-19 years old:	--	--	--	--	--	--	--	--	--	--
20-24 "	--	--	--	--	--	--	--	--	--	--
25-29 "	4.9	3.2	--	--	--	1.7	0.9	0.6	1.7	0.4
30-34 "	47.2	38.9	0.2	2.7	7.8	11.1	10.8	6.3	8.3	0.8
35-39 "	118.7	89.9	6.9	9.9	24.7	18.0	18.2	12.2	28.8	--
40-44 "	224.5	182.2	11.3	26.9	47.9	53.6	27.2	15.3	42.3	0.5
45-49 "	292.6	210.3	9.7	26.1	62.7	52.3	41.5	18.0	82.3	0.4
50-54 "	364.9	274.7	15.5	35.2	67.6	71.5	60.1	24.8	90.2	1.3
55-59 "	378.6	293.8	13.8	29.8	66.6	92.8	60.0	30.8	84.8	1.1
60-64 "	350.0	259.0	12.4	23.9	55.5	65.4	61.3	40.5	91.0	1.4
65-69 "	295.2	215.6	9.6	17.0	38.9	55.2	53.1	41.8	79.6	1.7
70-74 "	224.6	168.7	5.6	13.0	22.8	39.2	45.7	42.4	55.9	6.6
75 years or more:	241.0	192.7	3.5	7.5	16.5	26.6	40.1	8.5	138.3	123.4
65 years or more:	760.8	487.0	18.7	37.5	78.2	121.0	138.9	92.7	273.8	131.7

Source: Derived from data of Economic Research Service, USDA, and The Agriculture Division, Bureau of the Census, USDC.

Table 4.--Distribution of farm operators and other members of their households by color and age, U. S. 1960

Item	All farm operators	White farm operators	Nonwhite farm operators
	Number (Thousands)		
All operators-----	3,247	2,995	252
	Percent Distributions		
Under 25 years-----	1.8	1.9	.6
25 - 34 years-----	10.8	10.8	10.6
35 - 44 years-----	22.6	22.5	24.0
45 - 54 years-----	25.7	25.7	26.5
55 - 64 years-----	22.3	22.6	18.1
65 and over-----	16.8	16.5	20.2
All ages-----	100.0	100.0	100.0
All other members of farm operator families 14 years and over			
14 - 24 years-----	32.7	30.6	49.7
25 - 34 years-----	13.6	13.7	12.4
35 - 44 years-----	16.4	16.5	16.0
45 - 54 years-----	17.0	17.8	10.0
55 - 64 years-----	10.7	11.2	6.7
65 and over-----	9.6	10.2	5.2
All ages-----	100.0	100.0	100.0

Source: Derived from data of Economic Research Service, USDA, and The Agriculture Division, Bureau of the Census, USDC.

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(*-*)

X NATIONAL ECONOMIC SITUATION AND OUTLOOK FOR 1965 +

Talk by Rex F. Daly
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 11:00 A.M., Monday, November 16, 1964

The economy this fall continues its vigorous expansion. Advances in incomes are leading to increased purchases by consumers and business. The generally well balanced and healthy growth now underway will likely extend into 1965.

Last fall about this time we outlined a generally favorable economic outlook for 1964. But we cautioned that "...the course and vigor of economic activity in 1964 will depend to a considerable extent on the size and timing of the proposed tax cut." As you know, the sharp rise in demand in the private sector now underway has been due in large measure to the reduction in tax rates on income early this year. One of the main contributions of the tax cut may be a side effect--a demonstration of the influence of fiscal policy on economic activity.

Farmers have benefited from the strong advance in consumer incomes. Expenditures for food so far in 1964 are up a whopping 4.7 percent from a year earlier. A strong domestic demand, coupled with Government purchases of beef, enabled farmers to market around 10 percent more beef and 4 percent more poultry this year at prices to producers only moderately below 1963. Had demand expansion been only average, such supply increases would have seriously depressed prices and producers' incomes. Moreover, the economy's ability to meet substantial demand expansion this year with little change in prices of farm-purchased production items has contributed to a much smaller than average increase in farm production expenses.

Current Economic Situation

The reduction in income tax rates last spring diverted a larger share of the income flow into the hands of consumers and business. The rise in after-tax incomes of consumers accelerated sharply in the first and second quarters and in the third quarter was at a level some 8 percent above a year earlier (table 1). The consumer responded by increasing his outlays for goods and services by 7 percent over third quarter 1963; durable good sales rose 13 percent, nondurables including food 6 percent, and services 6 percent. But he did not spend all of his added income. Personal savings moved up sharply in the second quarter and the savings rate has since continued above the average of recent years. Some savings went to retire consumer indebtedness, but some continued to find its way into savings and loan shares and other liquid assets.

Table 1.- Consumer income, expenditures, and savings,
selected periods, 1963 and 1964

(Billion dollars except as noted)

Item	:	:	:	Percentage change	
	:	1962	:	1963	:
	:	III	:	III	:
	:	quarter:	:	quarter:	:
	:	:	:	to	:
	:	:	:	1962	:
	:	:	:	1963	:
	:	:	:	1964	:
Employment, total (Million)	:	69.3	:	70.3	:
Weekly earnings in manufacturing	:		:		:
(Dollars)	:	96.47	:	99.39	:
Personal income	:	444.5	:	466.3	:
Personal taxes	:	58.5	:	61.9	:
Disposable personal income	:	386.0	:	404.4	:
Consumption expenditures	:	358.5	:	377.4	:
Personal savings	:	27.5	:	27.0	:
	:		:	32.2	:
	:		:	-1.8	:
	:		:	19.3	:

Growing demands and substantially larger business incomes this year have encouraged increased business capital outlays for plant expansion and for replacement and modernization. With the stepup in demand and increased plant operating rates, corporate profits rose. Profits in the second and third quarters, after reduced tax rates, totaled around one-fifth larger than a year earlier. Higher profits, together with the investment credit and liberalized depreciation rules for tax purposes, also added to industry's ability and incentive to increase business capital outlays. The combined net cash flow available for investment--retained earnings and depreciation allowances--in the third quarter was around 12 percent above a year earlier. In addition, both interest rates and the cost of investment goods held relatively stable. Accordingly, actual business capital outlays each quarter this year have exceeded planned outlays reported in the SEC-Commerce surveys. Currently, business investment in new plant and equipment is estimated for the third quarter at a rate 11 percent above a year earlier; outlays in manufacturing industries are up 17 percent (table 2).

Residential construction is the only major sector of the economy which has weakened this year. Outlays have trended downward and in third quarter were around 8 percent below January-March of this year. New housing starts, which usually precede changes in outlays by around 6 months, declined from a peak annual rate in October 1963 of nearly 1.9 million units to a third quarter rate of less than 1.5 million units. Declines occurred in both apartments and single-family units. Building permits authorized for new housing and proposed home construction under FHA and VA financing also have declined since the opening months of this year.

Table 2.- Business income, output, and investment,
selected periods, 1963 and 1964

(Billion dollars except as noted)

Item	1962	1963	1964	Percentage change	
	III	III	III	1962	1963
	quarter:	quarter:	quarter:	to	to
				1963	1964
Industrial production (1957-59=100)	119.2	125.6	133.5	5.4	6.3
Output as percent of capacity (%)	86	86	88	0	2.3
New orders for durable goods	16.0	18.2	20.1	13.8	10.4
Corporate profits before taxes	48.1	51.3	1/58.5	6.7	14.0
Corporate profits after taxes	25.0	26.7	1/32.2	6.8	20.6
Corporate net cash flow 2/	38.8	41.0	1/46.0	5.7	12.2
Expenditures, new plant and equipment, manufacturing	15.05	15.95	18.70	6.0	17.2

1/ Estimated.

2/ Corporate retained earnings plus capital consumption allowances.

Government expenditures for goods and services continued to rise in 1964. The uptrend in expenditures by State and local governments accelerated, but the increase in Federal outlays was slower. Rising government revenues were equal to total government expenditures in the National Income and Product Accounts in the first quarter this year. With the cut in tax rates, second quarter revenues were at an annual rate nearly \$7 billion smaller than expenditures. This diversion of the flow of income into the private sector has provided much of the impetus to economic activity this year.

Strong advances in consumer buying and business investment, together with further increases in State and local government expenditures, pushed the Gross National Product of the economy to an annual rate of about \$628 billion in the third quarter. This rate was up more than \$40 billion or nearly 7 percent from a year earlier (table 3). Real output of goods and services increased more than $4\frac{1}{2}$ percent and total employment increased by $1\frac{1}{2}$ million workers. The rate of unemployment in the third quarter was down to about 5 percent of the labor force from $5\frac{1}{2}$ percent a year earlier. Plant operating rates, at 86 percent of capacity last fall, rose to 88 percent in the third quarter this year; a small but significant gain, in view of plant expansion underway. There is little evidence of strong upward pressures on overall prices, although prices of nonferrous metals have risen sharply this year. Wholesale price quotations for most individual commodities have held relatively steady throughout 1964.

Table 3.- Gross national product, selected periods, 1963 and 1964

(Billion dollars)					
Item	1962	1963	1964	Change	
	III	III	III	1962	1963
	quarter:	quarter:	quarter:	to	to
				1963	1964
Gross national product	559.0	587.2	627.5	28.2	40.3
Consumer expenditures	358.5	377.4	404.5	18.9	27.1
Durables	48.4	52.2	58.8	3.8	6.6
Nondurables	162.9	168.6	179.2	5.7	10.6
Services	147.2	156.6	166.5	9.4	9.9
Gross investment	80.2	82.8	86.5	2.6	3.7
Residential construction	24.4	25.4	25.7	1.0	0.3
Other construction	21.1	21.9	23.4	0.8	1.5
Producers' durable equipment	29.6	31.4	35.7	1.8	4.3
Total fixed	75.1	78.6	84.8	3.5	6.2
Inventory change	5.1	4.2	1.7	-0.9	-2.5
Net exports	4.4	4.2	6.5	-0.2	2.3
Government expenditures	115.9	122.8	130.0	6.9	7.2
Federal (less Gov't. sales)	62.4	64.4	66.0	2.0	1.6
State and local	53.5	58.4	64.0	4.9	5.6

Economic Outlook For 1965

The strong advance in economic activity now underway will extend into the year ahead. Current prospects for 1965 point to further increases in total output, employment, and consumer income. Although a larger-than-average advance is indicated for next year, the increase probably will not match 1964's big gain of more than $6\frac{1}{2}$ percent in the Gross National Product.

Recent trends in economic activity reveal no serious imbalances in the economy. Inventory increases have been small relative to expanding sales. Much of the big expansion in capital outlays is again going for new equipment and modernization. Although plant capacity is being enlarged more this year than in other recent years, the expansion does not appear excessive relative to demand. Plant operating rates have increased, but output of most major industries is not pressing capacity.

As a basis for a more detailed look into economic prospects for 1965, let us examine some of the forces shaping possible demand expansion for business, consumers, and the Government. Already scheduled business outlays for new plant and equipment provide for further increases in coming months. The latest SEC-Commerce survey reports planned capital outlays for the fourth quarter 12 percent above a year earlier. Big increases in capital outlays this year are broadly based, with largest expansion in the manufacturing industries (figure 1).

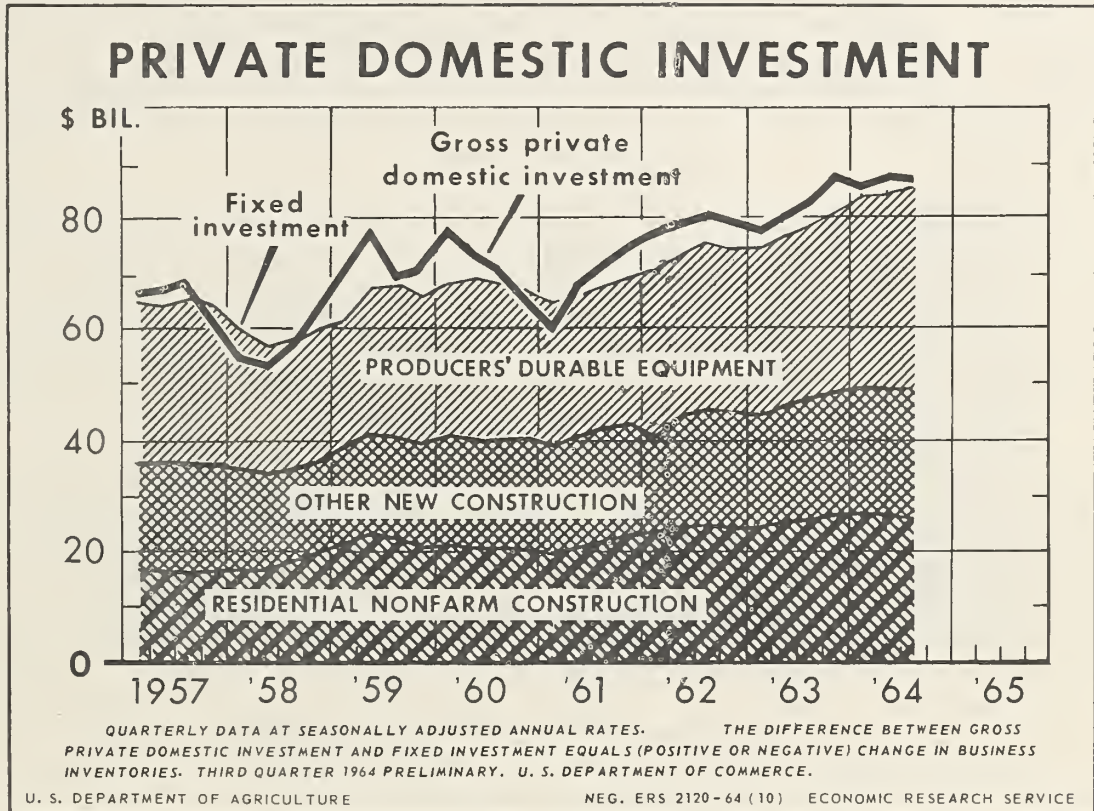


FIGURE 1

Increases in capital appropriations by large manufacturing corporations also give evidence of general business confidence. So far this year, capital appropriations for new plant and equipment total more than 40 percent above a year earlier. These appropriations can take as much as a year to show up in increased capital outlays. Some private surveys report that business now plans capital outlays for 1965 some 5 to 10 percent larger than record expenditures this year. In addition to the advance in retail sales--up about 8 percent in August and September from a year earlier--manufacturers' new orders for durable goods in recent months have averaged more than 10 percent above last year. Larger increases are reported for machinery and equipment, with the capital-spending-oriented machine tool orders this year running 60 percent

above 1963. The flow of new orders to manufacturers has exceeded shipments for some months, resulting in a steady buildup in order backlogs for durable goods. There is evidence, too, that the stock of equipment more than 10 years old has doubled since the mid-1950's. This should bolster replacement demand for new equipment in coming years.

Apparently growth in manufacturing plant capacity is now about keeping pace with demand expansion. But the higher current rates of plant operation and prospects for further demand expansion strengthen the demand for new plants and equipment. Moreover, increased profits, reduced tax rates, and such other inducements as the investment credit and liberalized depreciation provide incentives as well as financing for larger capital outlays. In this generally favorable environment, the uptrend in business investment is expected to continue in 1965.

Expanding markets, stable prices, and a generally conservative inventory policy have resulted in relatively small additions to stocks in 1964. Inventory-sales ratios are at the lowest levels of this expansion period. A further rise in economic activity in coming months will step up the demand for inventory stocks. With recent interruptions in production, auto stocks are well below desired levels. Steel inventories also are expected to build up as a hedge against possible work stoppage next year.

Exports of goods and services so far in 1964 total 15 percent above the first 3 quarters of 1963. With an increase of about 7 percent in imports, net exports rose by about two-thirds in the same period. Record exports of farm products in 1963-64 figured importantly in the marked improvement in the goods and services trade balance and in a reduction in the balance of payments deficit. Agricultural exports are expected to continue near record levels again in 1965. Some progress has been made toward a solution of balance of payments problems, but they are expected to continue. Although recent large changes have been made in the payments positions of the U. S. and other nations, they apparently have not been sufficient to achieve a reasonable equilibrium in international transactions.

Expenditures for residential construction are expected to decline further in coming months, in view of the substantial cutback that has already taken place in new housing starts which lead expenditures. However, much of the adjustment in housing probably is behind us. Major factors affecting the demand for housing are becoming more favorable. Consumer incomes are at record levels and rising, financing is available at stable interest rates, and some pickup in the formation of new families is indicated. The marriage rate and the labor force are beginning to reflect the impact of the World War II baby boom. In 1965 there will be about $3\frac{1}{2}$ million more persons 15-19 years of age than in 1960 and $2\frac{1}{2}$ million more in the 20-24-year age group. The rise in the number of marriages continues; so far this year the number is running about 8 percent above a year earlier. As these young people marry and move into the labor force, their growing numbers will be felt in the demand for housing, schools, and related facilities.

Consumers are receiving record after-tax incomes with sharply increased discretionary income above major fixed commitments. Savings, too, are at a relatively high rate, even though consumer purchases have risen to record levels. Surveys indicate that consumers are generally optimistic; their reported buying plans for the next several months are well above a year ago. As a result, consumer purchases of goods and services are expected to increase and again provide most of the demand expansion in prospect for 1965 (figure 2).

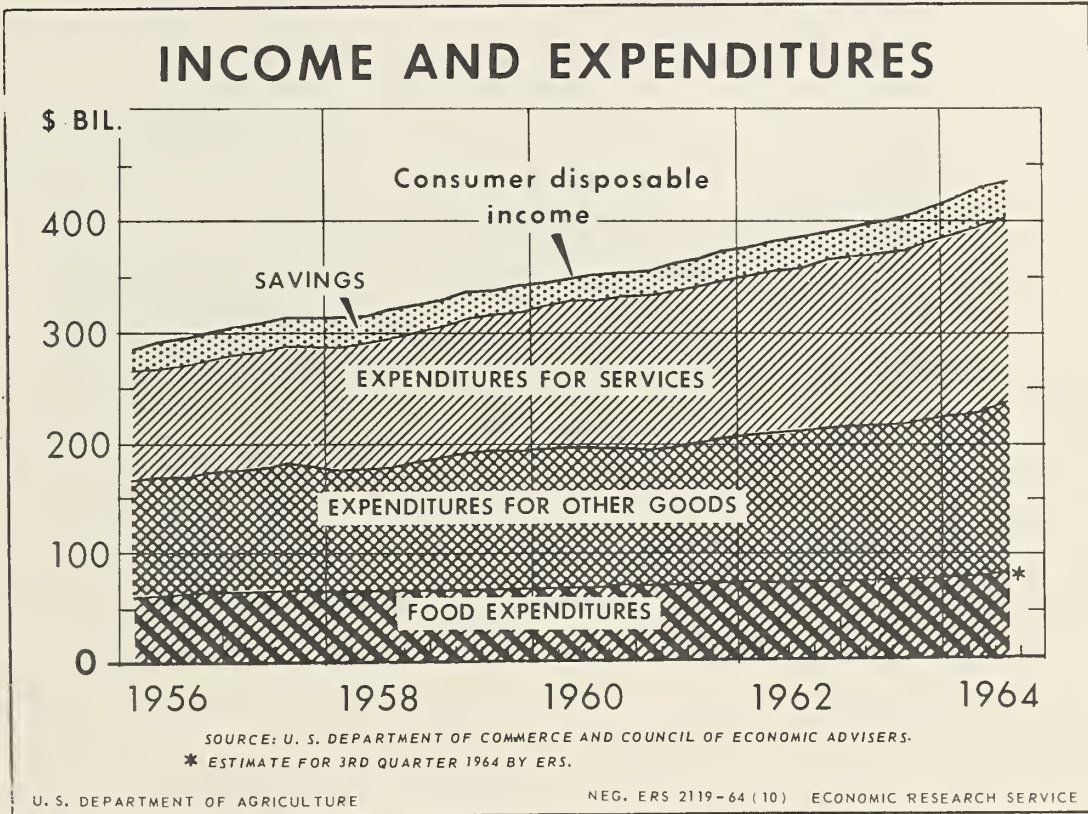


FIGURE 2

Record auto sales in recent years destroy the old myth about having two good auto years back-to-back. The same has been true for farm machinery and equipment. The present auto sales picture is somewhat clouded by work stoppages, but purchases of new models in the introductory period in September were at record rates well above 1963. Automobile production schedules suggest that the industry is optimistic about prospects for another big sales year. Consumers also report buying plans well above last year for new automobiles as well as for appliances, home furnishings, and other household goods. However, big gains in sales of durable goods this year may be difficult to match in the coming year.

Consumer expenditures for food are expected to increase again in 1965, though not as much as the large gain of nearly 5 percent now indicated for this year. But rising incomes usually lead to increased purchases of food and other nondurable goods. And the uptrend in consumer outlays for services, a growing share of consumer expenditures, continues almost without regard to small variations in income.

Government purchases of goods and services are expected to increase further in the coming year, due primarily to the persistent rise in outlays by State and local governments. Such expenditures will increase as local governments hire more employees and expand schools, roads, and other facilities for a growing urban population. Purchases by the Federal Government likely will continue rather steady. The recently released Review of the 1965 Budget shows budget expenditures for fiscal 1965 down \$0.7 billion from the January estimate and about \$0.5 billion below fiscal 1964. Comparatively large cuts from fiscal 1964 are now estimated for defense as well as for farm price support operations. These reductions are partly offset by increases for NASA, the poverty program, and some other functions.

Government net revenue exceeded expenditures for goods and services during the year ending in first quarter 1964 (figure 3). As reduced tax rates diverted a larger share of the income flow to the private sector in the second quarter, net government revenue dropped below the expenditure rate. The resulting shift to an excess of expenditures above revenues increased the expansionary impact of the Government on economic activity. With continued economic growth, this impact may lessen as tax revenues rise relative to Government expenditures. In this connection, proposals have been advanced for the adjustment of excise taxes.

The general economic picture outlined above for 1965 adds up to another better-than-average advance in economic activity (figure 4). Such growth will result in rising output, employment, and consumer income. With prospects for expansion in plant capacity to about keep pace with increases in output, reasonable price stability appears likely for the coming year. Price advances have occurred, however, for nonferrous metals and some evidence of price strength is indicated for a few other commodities. The gradual uptrend in average consumer prices is expected to continue, due largely to rising costs of services. A further increase in employment, together with rising wage rates, will increase consumer incomes.

The future, of course, is never certain. Many analysts today are concerned about the fact that we have had nearly 4 years of economic expansion. Moreover, unanticipated changes may occur in forces both from within and outside the economic system which could influence business activity as the year unfolds. The strength of the rise in economic activity during the year will depend, for example, on the willingness of the consumer to buy and incur further debt, on possible changes in monetary policy, on the size and nature of possible tax adjustment, and on international developments. But, as of today, there appear no obvious economic signals that would suggest anything but a continued advance in economic activity.

GOVERNMENT PURCHASES AND NET RECEIPTS

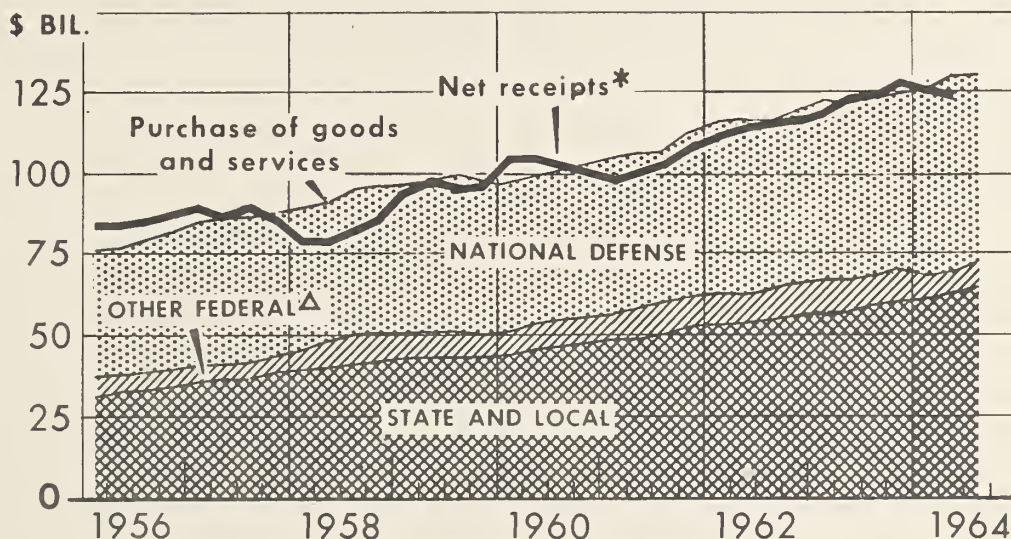


FIGURE 3

SOURCE: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

* DEFICITS OCCURRED IN YEARS WHEN NET RECEIPTS WERE LESS THAN PURCHASES.

△ TOTAL FEDERAL PURCHASES MINUS NATIONAL DEFENSE.

THIRD QUARTER 1964 PRELIMINARY.

QUARTERLY DATA AT SEASONALLY ADJUSTED ANNUAL RATES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2118-64 (10) ECONOMIC RESEARCH SERVICE

MAJOR SOURCES OF DEMAND

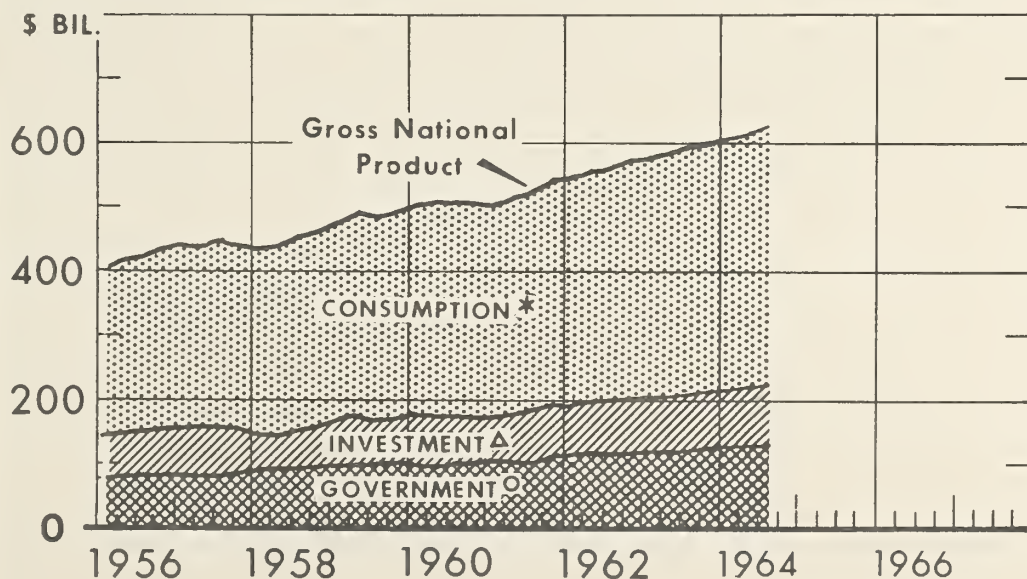


FIGURE 4

* PERSONAL CONSUMPTION EXPENDITURES.

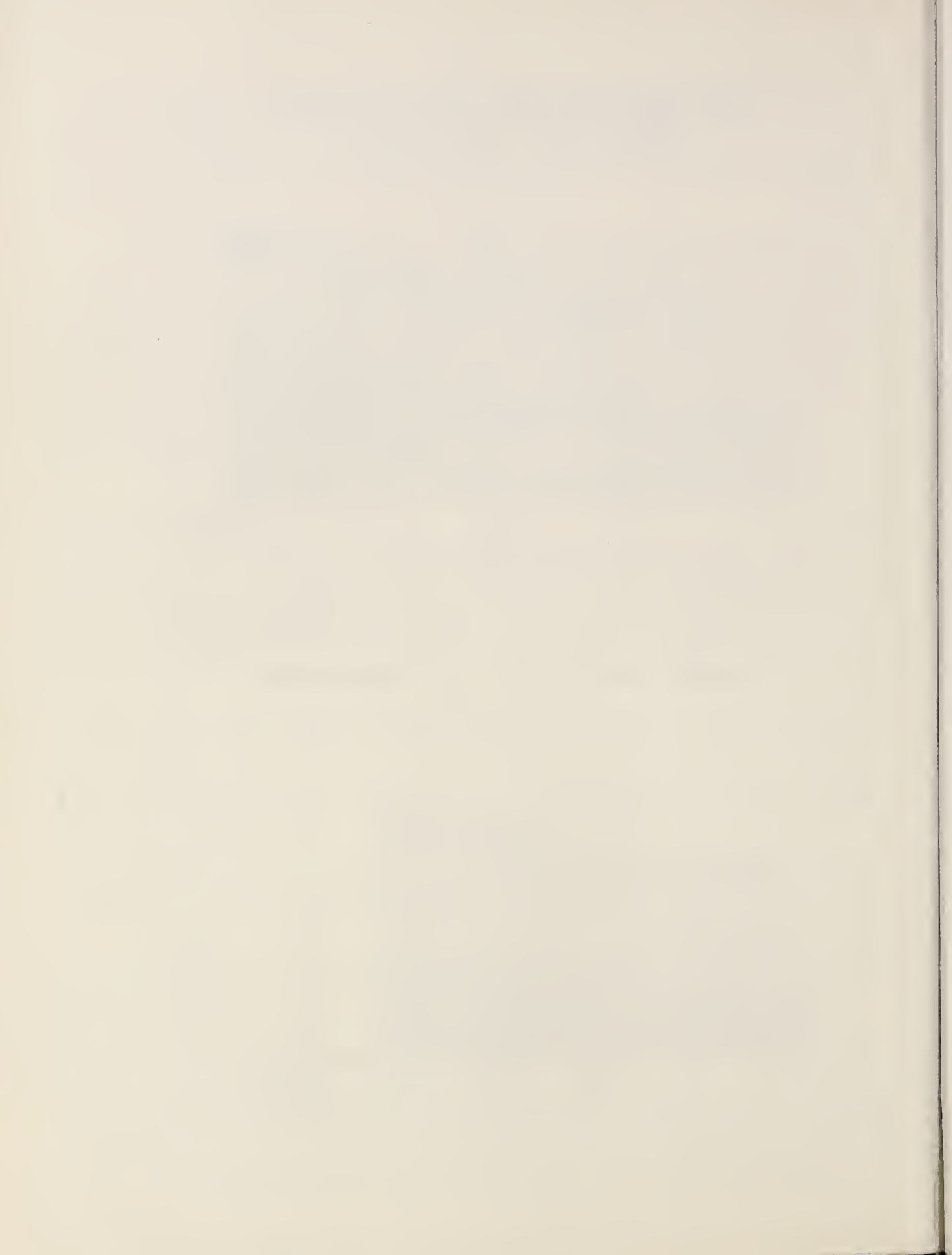
△ GROSS PRIVATE DOMESTIC INVESTMENT PLUS NET EXPORTS.

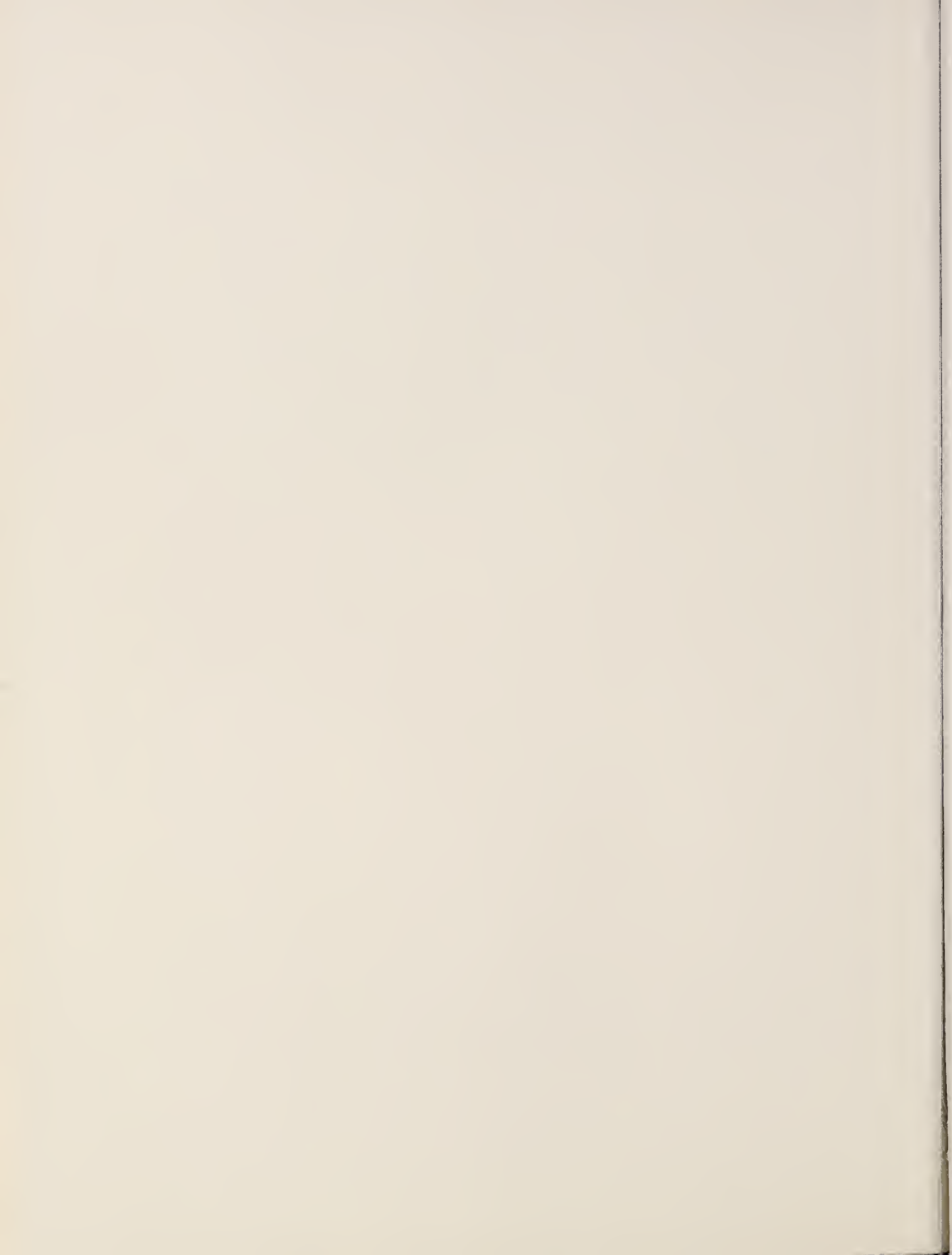
○ FEDERAL, STATE, AND LOCAL GOVERNMENT PURCHASES OF GOODS AND SERVICES. THIRD QUARTER 1964 PRELIMINARY.

QUARTERLY FIGURES SEASONALLY ADJUSTED AT ANNUAL RATES, CURRENT DOLLARS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1492X-64 (10) ECONOMIC RESEARCH SERVICE





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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service

+ New Developments in Textiles +

Talk by Mason DuPre', Jr.

Office of Administrator

at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 11:45 A. M., Thursday, November 19, 1964

The story of new developments in textiles during the past year is, with one notable exception, primarily one of expanded production and use of clothing and other articles that were the new developments of the past few years. This is proof that these articles have provided performance characteristics that consumers want and will continue to buy. There has also been an increase in the number of different types of fabrics made from blends of three, and sometimes even four, different fibers. However, these multifiber blends are difficult for mills to handle and with some of the blends there are product-performance problems arising from such things as differences in abrasion resistance of the fibers in the blend. There were no new fibers with markedly different properties introduced into clothing uses last year and it appears likely that for the next few years the greatest improvements in textiles will come from modifications of existing fibers.

The development about which the textile industry is most excited today is the introduction of wash-wear garments having outstanding ability to retain their original shape and appearance both after laundering and during wear. The new process also permits the building in of sharp creases and pleats that are durable to laundering.

In the production of conventional cotton wash-wear fabrics the processing plant applies a wash-wear chemical and then cures it with heat. After curing the fabric has wrinkle-resistant, wash-wear properties. However, if a sufficient amount of the wash-wear chemical is applied to the fabric to give exceedingly high wash-wear and wrinkle-resistant properties, sewing problems become more difficult and seam puckering excessive. Also, a crease put into such a fabric will not be sharp and will disappear on washing. During the past few years research workers have concentrated on developing what is known as a delayed cure process. In this process a wash-wear chemical is applied to the fabric that will not cure when the fabric is dried and will not cure in storage. The treated fabric is then made into a garment, and the garment pressed, with creases or pleats introduced where desired. The garment is then placed in a high-temperature oven to cure the wash-wear chemical which sets the shape of the entire garment. The resulting garment has sharp creases or pleats that are durable to laundering, it dries very smooth, and has a very high degree of wrinkle-resistance during wear. Also, the seam puckering so evident with all types of conventional wash-wear garments is essentially

eliminated if the garment is properly fabricated and processed.

Within the past year several satisfactory, commercially feasible processes of this type were developed and made available to the textile and garment manufacturing industries this past spring. Slacks, trousers and work pants are the principal garments now being manufactured and beginning to reach the retail trade in increasing volume. Sport shirts, blouses and dresses will be in retail stores in volume next spring and fall. All-cotton mens' suits are in the development stage.

This development was originally centered around all-cotton fabrics but at present most of the fabrics are a blend of cotton with either nylon or polyester fiber. With nylon the amount now used in the blend is about 15 percent and with polyester from 50 to 65 percent, which are the percentages recommended by the synthetic fiber producers. However, there are indications from recent research that it may be desirable to reduce considerably the percentage of synthetic fibers used, since their principal function is to increase strength and abrasion resistance and not to enhance wash-wear properties.

Technologically, the fabrics used in these new articles, and the fabrication process itself, are still in the development stage, even though these garments are being produced commercially. Research is being continued to select or develop fabric construction that will give better performance in articles of this type. Research is also being directed at improving the performance of all-cotton fabrics so that full advantage may be taken of the excellent comfort and launderability properties of cotton. There is every reason to believe that the performance characteristics of these durably creased and pleated articles will be noticeably enhanced within the next year.

Another fairly recent development that is still a center of intense interest and activity in the industry is in the area of what is known as stretch fabrics. Garments and other articles made from stretch fabrics of all types - all-cotton, all-wool, all-synthetic and various combinations of these fibers - are reaching consumers in rapidly increasing numbers. Most of the production of stretch fabrics is going into apparel uses, but upholstery and slip cover fabrics are also being produced. All-cotton stretch fabrics are also available as piece goods. Some of the newer types have not yet reached the consumer but soon will and their performance will be improved. Blends of spandex with other fibers is a rapidly growing development. Many of the earlier fabrication problems, such as obtaining an adequate seam, are being overcome. Standards of stretch, such as amount of stretch and amount of recovery needed for different classes of articles, are being established. For example, more stretch is needed for garments used for participation sports than for those used for spectator sports. Work is also being done on the design of garments to make full use of the new stretch properties, rather than simply substituting a stretch for a non-stretch fabric.

No one can accurately predict at this time how many different types of clothing and other articles will eventually be made from stretch fabrics, but of their enthusiastic reception by consumers there can be little doubt.

Among other recent developments in textiles are the following:

A new chemical process, now in commercial production, has been developed for producing wool fabrics with delayed setting properties, analogous to the delayed cure process for cotton fabrics and fabrics containing a high percentage of cotton. Creases or pleats are put into the finished garment and set in a subsequent process, in contrast to chemically treating the finished garment prior to creasing or pleating by methods hitherto available. Information is not yet available on comparative performance of garments durably creased by the new and the older methods, but there is at least a possibility of lowering the cost of producing durably creased and pleated wool garments.

The newest development in the area of shrink-resistant wool articles has to do with knit goods. In the application of shrink-resistant treatments to wool knit goods it is difficult to obtain satisfactory results. With methods hitherto available there is an adverse affect on the hand or feel of some fabrics and often on the appearance. However, by treating wool top, an intermediate product in the manufacture of worsted yarns, shrink-resistant yarns are obtained and when these yarns are knitted into fabrics the fabrics are shrink-resistant and have an excellent hand. This process was put into commercial use this past spring and sweaters made from shrink-resistant yarns are beginning to appear on retail counters.

In the area of outdoor fabrics, more durable tents, tarpaulins, sleeping bags, boat covers and similar products subjected to outdoor exposure are becoming available to consumers as the result of a new, low-cost mildew-, rot-, and weather-resistant treatment for cotton now being applied commercially.

In the area of safety, increasing attention is being directed today at insuring better protection from injuries by fire. This has focused attention on the development of more satisfactory flame-retardant treatments for cotton. For a little more than a year an improved and durable type of treatment has been on the market in volume and articles made from flame-retardant cotton fabrics are now being used in increasing quantities. The coats and trousers of the District firemen, for example, are made with flame-retardant cotton fabric, and the fabric for the John Ringling North circus tent at the World's Fair in New York was flame-retardant treated. Other flame-retardant articles being used in increasing quantities are patients' gowns, cubicles and drapes in hospitals, and also industrial work uniforms. Other potential applications include mattresses and mattress tickings, bed linens and awnings. None of the durable flame-retardant treatments available today are fully satisfactory for use on very light-weight fabrics, because when enough of the treatment is

applied to make these fabrics adequately flame-retardant, they become noticeably stiffened. This problem is currently receiving research attention.

These are a few of the new developments in textiles that have occurred during the past year. Some of these, such as the stretch cottons, the flame-retardant cotton fabrics and the shrink-resistant wool yarns, resulted directly from research of the Department's Southern and Western Utilization Research and Development Divisions, and many of the other developments now in use and in the process of development are based at least in part on the research of these Divisions. They cooperate closely with industry and with other textile research laboratories in their utilization research on cotton and wool.

From the Department's cotton and wool research laboratories, and from the industrial textile research laboratories we, as consumers, may confidently expect to have textile products in the future with increasingly higher performance characteristics.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service

X CLOTHING AND TEXTILES: SUPPLIES AND PRICES +

Talk by Virginia Britton /
Consumer and Food Economics Research Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 11:15 A.M., Thursday, November 19, 1964

No startling changes have occurred in overall consumption, prices, and supplies of clothing and textiles during the last year.^{1/} Consumer prices have risen slightly, as have wholesale prices. Supplies of clothing and raw materials continue high.

Total consumer expenditure for clothing and shoes, excluding services, reached about \$31 billion in 1963, according to the Department of Commerce series on personal consumption expenditures.^{2/} Per capita consumption in constant dollars remained about the same as in recent years.

About every ten years we have the opportunity to amplify the knowledge of aggregates and averages supplied by the Commerce data with knowledge of the distribution of expenditures by selected family characteristics supplied by nationwide surveys of households. The Consumer Expenditure Survey of 1960-61,^{3/} latest in the series, showed 1961 expenditures of families, including single persons, on clothing, materials, and services averaging \$563 for urban families, \$408 for rural nonfarm, and \$427 for rural farm, with an estimated average of \$522 for all U.S. families. Further data available from this survey were analyzed at an earlier session of this Conference.

The Revised Consumer Price Index

The Consumer Expenditure Survey of 1960-61 is also related to the subject of this paper in that a principal objective of the survey was to provide the Bureau of Labor Statistics the basis for revising the Consumer Price Index, the measure of changes in prices of consumer goods bought by urban families of wage earners and clerical workers. From the data furnished by families of these types in this survey, the BLS has developed a new list of consumer goods and services to be priced for the index and has assigned new weights to the items priced so that these reflect buying patterns of urban wage earners and clerical workers in 1960-61. The revision also includes changes in the samples of cities and of retail stores in line with shifts in the population and the buying habits of families.

^{1/} Analysis prepared on basis of releases available through October 1.
^{2/} U.S. Department of Commerce, Survey of Current Business, July 1964.
^{3/} See list of publications at end of paper.

The revised index, which first appeared in January 1964, provides two new series of statistics. Of these, the primary one, covering both families and single workers living alone, is available monthly at the national level as well as monthly or quarterly for 17 large metropolitan areas. Indexes for 6 additional metropolitan areas will be available in the latter part of 1965. The second of the new series, covering families of 2 or more persons, is available only at the national level. The old series, discontinued after June 1964, covered families only, and was available for 20 large cities monthly or quarterly, as well as at the national level. Both new series were linked to the old series as of December 1963 to provide continuous data.

We might look in some detail at the revisions in items priced and their importance in the index. In comparison with the old series, the weighting factors for the new series give a significantly lower weight for food which is balanced by increased weights for housing, transportation, and health and recreation. (See the summary in table 1 at the back of the paper.) The weighting factor for apparel and upkeep is about the same as it was.^{4/}

There have, however, been changes in the weights assigned apparel subgroups. Increased weights for three apparel subgroups--especially Women's and Girls' Apparel, but also Men's and Boys' Apparel and Footwear--are balanced by decreased weight for Other Apparel. (See table 2.) Most of the decreased weight for Other Apparel is in the services rather than commodities. The increased weight for Women's and Girls' Apparel is divided about equally between the two parts--women's apparel and girls' apparel. In the Men's and Boys' Apparel subgroup, the increased weight for boys' apparel more than balances the decreased weight for men's apparel.

The "market basket" of all items priced for the CPI has been increased from about 325 to approximately 400 items. While the new basket includes many items that were in the old, it excludes some. The changes do not necessarily mean that items not carried over from the old basket are less important in family spending than a decade ago, or that the new items are more important now. Each market basket is composed of items whose price changes best represent price movements of all of the thousands of items purchased by urban wage earners and clerical workers at the time of development of the basket. Provision has also been made to facilitate the introduction of new items into the index.

^{4/} We should note that this comparison was made by reclassifying individual items according to new series classifications into groups and subgroups, as explained in the table footnote.

This is the first major revision in the CPI since the 1953 revision based on the 1950 survey. Between major revisions, the quantities and qualities of the various goods and services priced are held constant. The purpose is to insure that the index reflects changes in prices only and not changes due to quantity or quality differences. To attain this objective, the BLS prepares detailed specifications to describe each of the items in the market basket. When, however, the specified item is not sold at a particular retail outlet, new provisions permit the BLS representative to obtain a quotation on the article nearest to the specifications. The representative obtains a technical description of the substitute article to insure that the same quality and quantity are priced thereafter at that store.

The new market basket for Apparel and Upkeep includes about 80 items, somewhat more than the old series. Thirty of these items (such as tropical suits, T-shirts, and handkerchiefs for men) were not included in the old series. Excluded from the new series are some 20 items that were in the old series (such as sweaters, rayon suits, and dungarees for men). Some items now in the Other Apparel group have been shifted from another group: Shoe repairs were formerly included in Footwear; dry cleaning and laundry services for apparel, in Household Operation. The number of items priced for the various apparel groups in the new and old series is shown in table 2.

Consumer Prices

The consumer price level for apparel advanced slightly over the past year, as measured by the Apparel and Upkeep component of the Consumer Price Index (table 3). In the latest 12-month period for which data were available at the time of writing, July 1963 to July 1964, this component of the index increased 1.0 percent. In the same period the Consumer Price Index for all items rose 1.1 percent. While the apparel component has been rising more slowly in recent years than has the all-items index, the difference has lessened lately.

As frequently happens, price levels for apparel subgroups have increased unequally in the past year. The index for men's and boys' apparel advanced 1.4 percent from July 1963 to July 1964, while the index for women's and girls' apparel rose 0.7 percent and that for footwear changed little (+0.3 percent). In recent years, men's and boys' apparel or footwear has led the price advance.

Prices for apparel of various fibers have changed at different rates. Over the last 12 months for which prices were available at the time of writing (June 1963 to June 1964 for cotton and manmade fibers and December 1962 to December 1963 for wool), prices of wool apparel advanced 3 percent, apparel of manmade fibers increased 0.8 percent, and cotton apparel rose little (0.4 percent). The price advance for the year 1963 over the preceding year was also led by wool apparel.

Developments in Retail Distribution of Apparel^{5/}

Evidence is accumulating of increased mail order buying. The four big mail order houses report sales at 10 percent or more above a year ago. Appeals are in terms of price--with a net saving of 7 percent over its store price estimated by one mail order house--as well as convenience of home shipping, quick delivery, telephone orders, and fashion merchandise, including creations of leading designers. Catalogs are larger, with more color illustrations, and the number of catalog order stores is increasing. Catalog sales have been instituted by J. C. Penney Company. Sears reports growth in catalog sales to be outstripping growth in sales at their retail stores. At the same time, catalog concerns are opening additional retail stores.

Trade papers report, also, expansion of door-to-door selling, emphasizing the convenience it offers the suburban homemaker with young children. While a wide variety of products are involved, expansion in the clothing and textiles field includes door-to-door selling of fabrics, rugs, and draperies by J. C. Penney Company. The selling of shoes to busy executives at their offices by the Hanover Shoe Company may be specially convenient for the heads of suburban households.

Discounters are expanding again, with an average of seven new discount stores a week estimated by the trade. Discounters appear to be moving toward direct operation of departments in their own stores instead of leasing them to outsiders. However, the discounters do not seem eager to take over the shoe departments or the millinery departments.

Wholesale Prices of Clothing and Household Textiles

Wholesale prices of apparel as a whole, rose 1.1 percent in the 12 months ending July 1964, according to the Bureau of Labor Statistics (table 4). The largest increase in the apparel categories was in infants' and children's apparel which rose 3.4 percent. Prices of underwear and nightwear rose 2 percent. One category, hosiery, dropped more than 1 percent.

While the wholesale price level for leather footwear, as a whole, was about the same as a year earlier, fractional changes in prices occurred in various shoe categories. Men's and boys' footwear rose 0.2 percent, women's and girls' fell the same amount, and children's and infants' rose 0.4 percent.

In the household textiles area, increases were uneven. Wholesale prices of wool and part wool blankets increased almost 5 percent, whereas cotton housefurnishings rose about 1 percent.

^{5/} Trade sources include The Wall Street Journal, Textile Organon, and Chemistry and the Home.

Prices and Supplies of Fabrics and Raw Materials

A look at prices and supplies of fabrics and raw materials may give some hints of future changes in wholesale and retail prices of various clothing items, although many other factors are also important in determining such changes.

Closest to the finished garments are the fabrics from which they are made. In the past year (July 1963 to July 1964) the wholesale price level of broadwoven goods of cotton (the most important fiber) declined 2 percent and silk products (minor in the total picture) declined 13 percent. Wholesale prices of fabrics of manmade fibers and of wool advanced, as did leather. Most noteworthy were a 6 percent increase in the wholesale price level of broadwoven goods of manmade fibers and a 10 percent rise for knit outerwear fabrics of wool.

Wholesale prices of yarns, components of the fabrics, changed variously. Cotton yarns decreased almost 5 percent in the year July 1963 to July 1964, and manmade filament yarns and fibers decreased almost 2 percent. On the other hand, wholesale prices increased for spun rayon and for wool yarns.

Sizable changes that occurred in the wholesale prices of several raw materials in the past year (July 1963 to July 1964) will be one of many factors affecting retail prices of clothing and textiles in the year ahead. Hides and skins advanced 11 percent. Foreign apparel wool increased 9 percent and domestic apparel wool, 4 percent. Raw silk dropped 15 percent. At the same time, cotton fell 2 percent.

Prospective supplies of cotton, manmade fibers, and hides and skins seem ample. U.S. production of cotton in 1964 is predicted to total more than 15 million bales, 3 percent above expected use in domestic mills and export.^{6/} Use by domestic mills is expected to be 13 percent larger than in the previous year due to an improved competitive price position of cotton and cotton textiles in the domestic market.

Production of manmade fibers, including textile glass fiber, increased 11 percent in 1963 over 1962.^{7/} In the first six months of 1964, production of manmade fibers (excluding acetate staple and tow for which figures are not available) was 16 percent greater than in the same period a year earlier. While there still appeared to be unused capacity in the domestic manmade fiber industry as a whole late last year, predictions were for a 20 percent increase by late 1965 in overall production capacity (excluding textile glass fiber).

^{6/} U.S. Department of Agriculture, Cotton Situation, September 1964, and Cotton Production, October 8, 1964.

^{7/} Textile Organon, August 1964, p. 126, and December 1963, p. 194.

In the world markets in 1964-65, production and use of wool are expected to be near record high levels with firm prices.^{8/} U.S. mills are expected to use 6 to 10 percent less apparel wool in 1964 than in 1963 because of the competition of lower-priced fibers.

U. S. production of cattle hides in 1964 is expected to be larger than ever, sufficient for prospective increases in leather shoe production and large increases in exports of hides.^{9/} Any shortage of Corfam, the synthetic shoe material, should be eased when full scale production begins late in the year. Thus far, production at the single pilot plant has resulted in smaller rations of Corfam shoes to retailers than some believe they could sell, even though the shoes are retailing for \$20 or more.

Outlook

No appreciable changes in inventories of clothing and textiles are expected in the coming months. The retail price level for clothing will probably edge up. Possible rises in prices for wool apparel and leather shoes may be partially counterbalanced by some decreases in prices of cotton apparel and silk garments or, at least, a leveling of their prices. The fiber mixes for apparel items will probably include more cotton and less wool. Attempts by industry to boost sales of clothing and textiles in higher price lines are likely. There will be emphasis on fashion and ensembles in clothing and household textiles and possibly the discontinuance of some lower-priced lines.

^{8/} U.S. Department of Agriculture, Wool Situation, October 1964.

^{9/} J. W. Thompson, "Recent Changes in Hide Marketings," Livestock and Meat Situation, USDA, July 1964, pp. 34-37.

Table 1.--Relative importance of Consumer Price Index
components, new and old series, December 1963

Components	Percent of All Items	
	New series (families and single workers)	Old series <u>1/</u>
All Items	100.00	100.00
Food	22.43	28.18
Housing	33.23	30.71
Shelter	20.15	18.34
Fuel and Utilities	5.26	4.91
Household Furnishings and Operation.	7.82	7.46
Apparel and Upkeep	10.63	10.58
Transportation	13.88	11.65
Health and Recreation	19.45	18.03
Miscellaneous <u>2/</u>38	.85

1/ Individual items reclassified according to new series classification into groups and subgroups.

2/ Not actually priced; imputed from priced items.

Source: Bureau of Labor Statistics.

Table 2.--Number of items priced and relative importance of Apparel and Upkeep subgroups of the Consumer Price Index, new and old series, December 1963

Subgroups	Number of items priced		Percent of all items	
	New series <u>1/</u>	Old series <u>2/</u>	New series <u>1/</u>	Old series <u>2/</u>
Apparel and Upkeep	77	70	10.63	10.58
Men's and boys' apparel	19	29	2.86	2.79
Men's apparel	15	23	2.21	2.37
Boys' apparel	4	6	.65	.42
Women's and girls' apparel..	35	26	4.08	3.67
Women's apparel	26	20	3.23	3.02
Girls' apparel	9	6	.85	.65
Footwear	11	7	1.51	1.41
Street shoes, men's	2	2	.26	.33
Street shoes, women's	2	2	.26	.41
Other priced items	7	3	.99	.67
Other apparel	12	8	2.18	2.71
Commodities	6	3	.71	.72
Services	6	5	1.47	1.99

1/ Index for families and single workers.

2/ Individual items reclassified according to new series classification into groups and subgroups.

Source: Bureau of Labor Statistics.

Table 3.--Percentage change in selected indexes
of consumer prices 1/

Index	1961 to 1962	1962 to 1963	July 1963 to July 1964
Consumer Price Index	+1.2	+1.2	+1.1
Apparel and Upkeep Index <u>2/</u> <u>3/</u>	+6	+1.2	+1.0
By type:			
Men's and boys' apparel	+5	+1.4	+1.4
Women's and girls' apparel	-.1	+.8	+.7
Footwear	+1.4	+1.1	+.3
			June 1963 to <u>June 1964</u>
By fiber:			
Cotton apparel	+7	+1.0	+.4
Wool apparel	+2	+1.6	--
Manmade fibers apparel	+1	+.2	+.8

1/ Revised beginning January 1964 to include single workers.

2/ Recomputed retroactively according to the new classification.

3/ Also includes infants' wear, sewing materials, jewelry, and apparel upkeep services not shown separately.

Source: Bureau of Labor Statistics.

Table 4.--Percentage change in selected wholesale price indexes

Index	July 1963 to July 1964
Apparel	+1.1
Men's and boys' apparel.....	+.9
Women's, misses', and juniors' apparel ..	+1.1
Infants' and children's apparel	+3.4
Hosiery	-1.4
Underwear and nightwear	+1.8
Knit outerwear	+.2
Leather footwear	-.1
Men's and boys' footwear	+.2
Women's and misses' footwear	-.2
Children's and infants' footwear	+.4
Textile housefurnishings:	
Wool and part wool blankets	+4.7
Cotton housefurnishings	+1.1
Cotton fibers and fabrics:	
Raw cotton	-1.8
Yarns	-4.6
Broadwoven goods	-1.8
Manmade fibers and fabrics:	
Filament yarns and fibers	-1.7
Spun rayon	+1.9
Broadwoven goods	+6.1
Knit goods	+1.4
Wool fibers and fabrics:	
Domestic apparel wool	+3.5
Foreign apparel wool	+9.3
Yarns	+1.2
Broadwoven fabrics	+2.5
Knit outerwear fabrics	+9.5
Silk fibers and fabrics:	
Raw silk	-15.4
Silk products	-13.0
Hides, skins, leather:	
Hides and skins	+10.9
Leather	+2.4

Source: Bureau of Labor Statistics.

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

OUTLOOK FOR COTTON IN 1965

Talk by James R. Donald

Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 10:50 A.M., Thursday, November 19, 1964

The cotton outlook is highlighted by another large crop, rising mill use, and a further buildup in cotton stocks. The carryover of all kinds of cotton in the United States on August 1, 1965, is expected to total about 13.0 million bales, 12.7 million of which will be upland cotton. This would be an increase of 0.6 million bales from last August. (See fig. 1.) It would mark the fourth consecutive year that the carryover has increased and would be the largest total since the alltime high of 14.5 million in 1956.

In spite of the prospective carryover increase this year, Commodity Credit Corporation (CCC) stocks may be reduced because commercial interests are likely to increase holdings during 1964-65. CCC stocks on August 1, 1964, were the largest in recent years, while commercial holdings were the smallest since 1959. (See fig. 2.) During the past crop year, a large part of export needs were met by CCC stocks and about 39 percent of the 1963 crop was acquired by CCC. Commercial interests reduced their holdings during the past year because of uncertainty related to pending legislation and because of anticipated declines in market prices during 1964-65 as a result of the 2.5-cent reduction in the support price for the 1964 crop.

The 1964 crop of 15.4 million running bales is slightly larger than last year's crop and the largest since 1953. It is expected to be large enough to more than offset expected higher disappearance during the 1964-65 crop year. (See fig. 3.) The large 1964 crop, as in 1963, reflects record yields resulting from improved cultural practices and generally favorable growing conditions in most major-producing areas. Mill use of cotton this year is increasing sharply and is expected to be at the highest level since 1950-51. Although exports may decline from last year's high level, they are expected to remain above the 5-million-bale level.

The 1964 crop is being produced on 14 million harvested acres, over 1 percent smaller than in 1963, and the smallest since 1958. The indicated national average yield per harvested acre of 528 pounds would be 12 pounds higher than last year's alltime high and 74 pounds above the 1958-62 average. (See fig. 4.) Factors contributing to the long-term upward trend in yields include: (1) The use of land better suited for cotton production; (2) increased use of fertilizer, insecticides, herbicides, defoliant, and irrigation, and (3) expanded acreage planted in "skip-row" patterns.

CARRYOVER OF COTTON

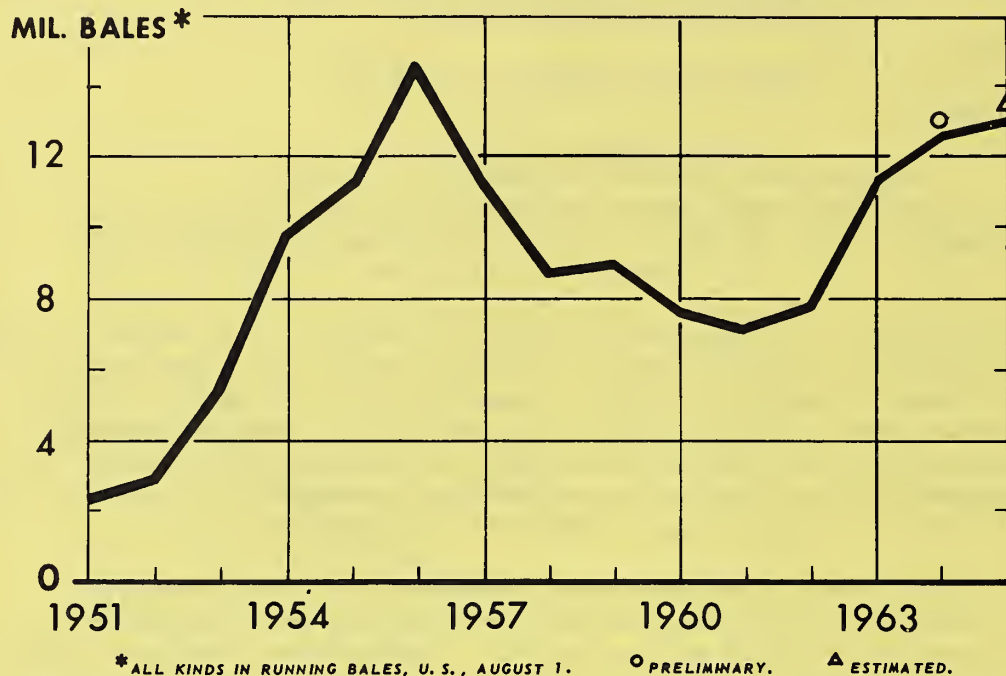


FIG. 1

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CARRYOVER AND CCC* STOCKS OF COTTON

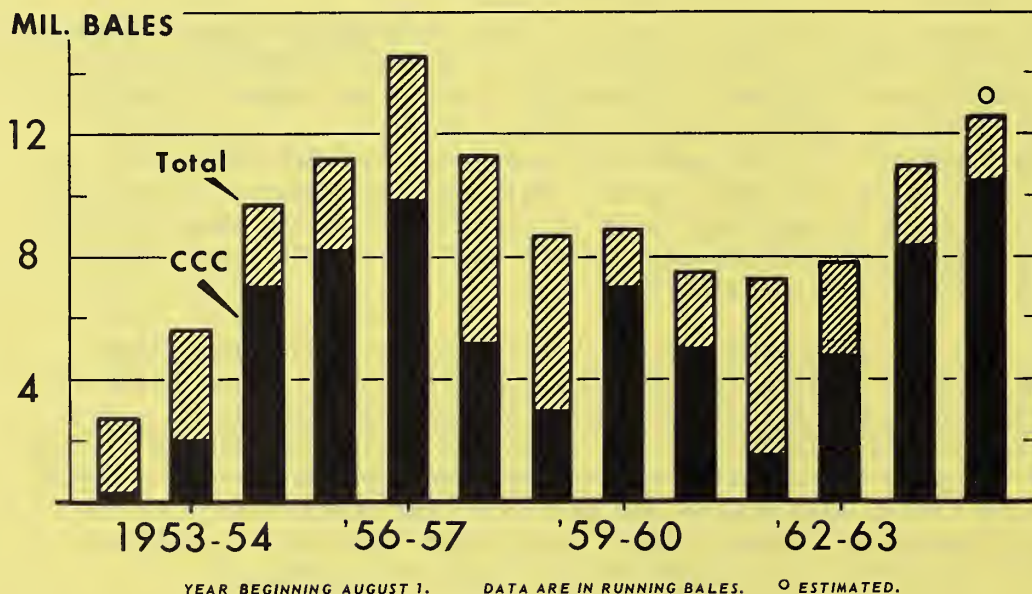


FIG. 2

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 348-64 (7) ECONOMIC RESEARCH SERVICE

U. S. COTTON PRODUCTION AND USE

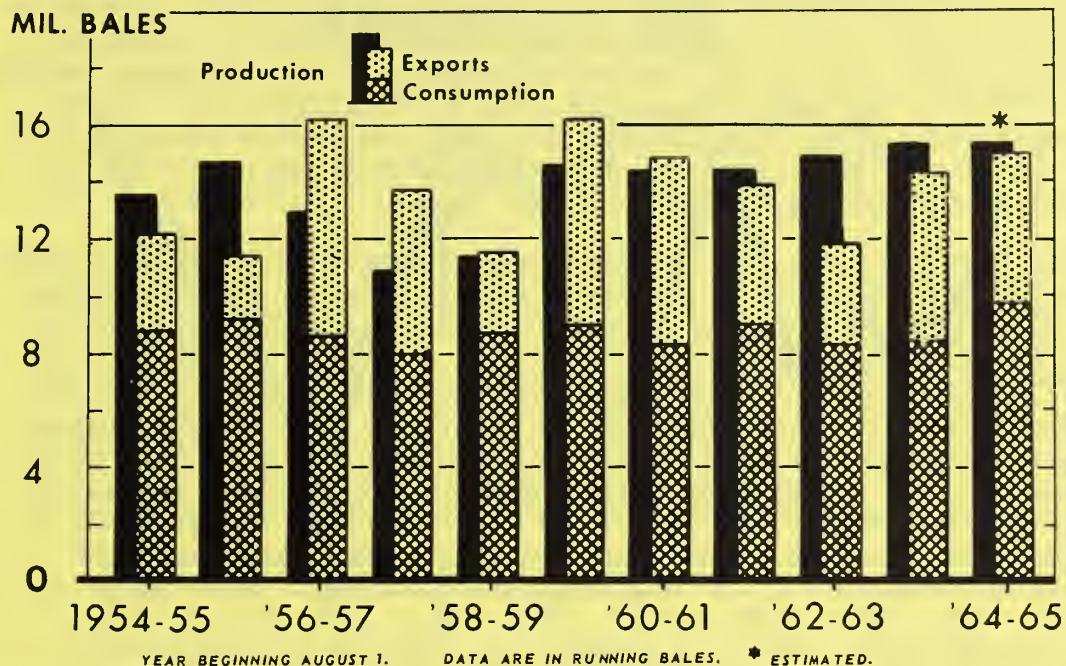
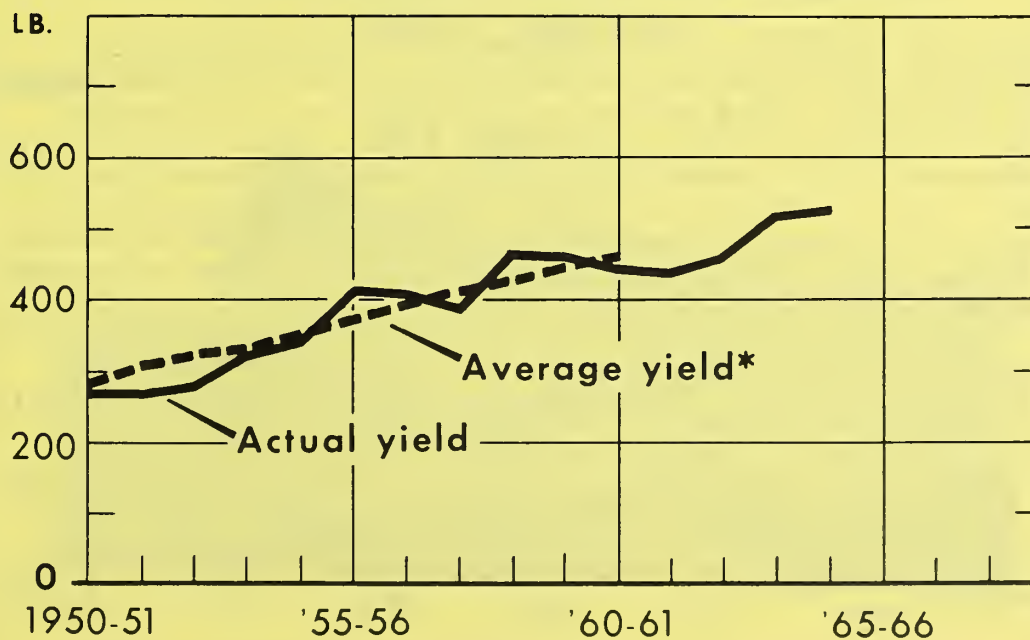


FIG. 3

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1991-64 (11) ECONOMIC RESEARCH SERVICE

COTTON YIELDS PER ACRE



* 9- YEAR MOVING AVERAGE, CENTERED, PER HARVESTED ACRE.

FIG. 4

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2864-64 (11) ECONOMIC RESEARCH SERVICE

In view of the prospective supply-demand situation, the national acreage allotment for the 1965 crop of upland cotton has again been set at the statutory minimum of 16 million acres. A slightly smaller domestic allotment (the number of acres required to produce estimated mill use) has been determined for the 1965 crop than for the 1964 crop--10.4 million acres compared with 10.8 million in 1964. The domestic allotment was lowered because of an increase in average yields since the same estimated mill use was utilized for computation for 1965 as for 1964.

For the 1965 crop, the level of price support--between 65 and 90 percent of parity--will be determined by the Secretary after taking into consideration specified factors, including changes in production costs. Farmers who plant only their domestic allotment in 1965 will be eligible to receive a basic price support through loans plus an additional payment not to exceed 15 percent of the basic price support. The additional price support payment is 3.5 cents per pound this year, while the support price is 30 cents per pound. Thus, the additional price support payment this year was nearly 12 percent of the basic support price. As for the 1964 crop, most farmers with 1965 allotments of 15 acres or less will not be required to reduce their plantings to be eligible for the additional price support.

Mill consumption of cotton is expected to total 9.7 million bales for 1964-65, a rise of about 1.1 million bales from last year. This rise in use is resulting from lower net costs to users and some rebuilding of cotton textile inventories. The rate of cotton use has been trending upward since April. (See fig. 5.) Further increase in the rate is indicated by the downward trend in the ratio of mill inventories to unfilled orders for cotton cloth.

Per capita mill consumption for calendar 1964 is increasing and is expected to be above 1963. However, cotton's share of total fiber consumption this year may show a slight decline to an alltime low of 55 percent because of the sharp increase in use of man-made fibers. (See fig. 6.) During the early months of calendar 1964, cotton consumption was at low levels because of uncertainty pending outcome of legislation, while man-made fiber consumption increased rapidly. After enactment of the legislation last April, cotton consumption trended upward, while the increase in man-made fiber consumption slowed. (See fig. 7.)

U.S. exports of upland cotton in 1964-65 are expected to total about 5.2 million bales, down from 5.7 million during the past year, but slightly above average exports of 5.1 million for the past 4 years. During the past year, large U.S. exports were related to record consumption of cotton in foreign free world countries and rebuilding of stocks in importing countries. While record consumption is expected abroad again this year, foreign free world production is expected to set another record high and stocks probably will change little.

DAILY RATE OF MILL CONSUMPTION OF UPLAND* COTTON

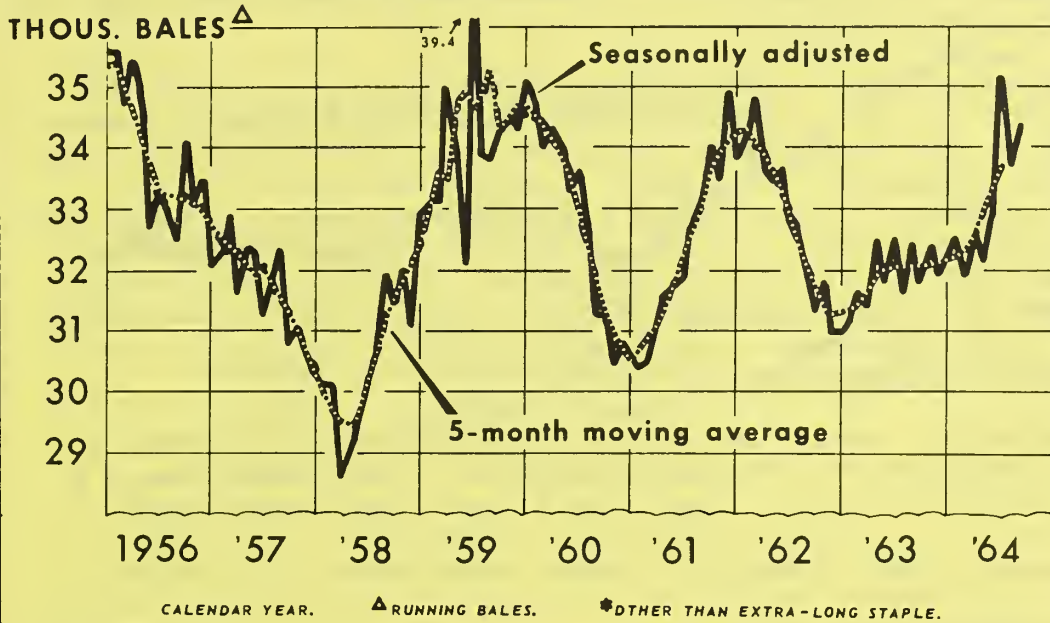


FIG. 5

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3284-64 (10) ECONOMIC RESEARCH SERVICE

MILL CONSUMPTION OF FIBERS, PER CAPITA

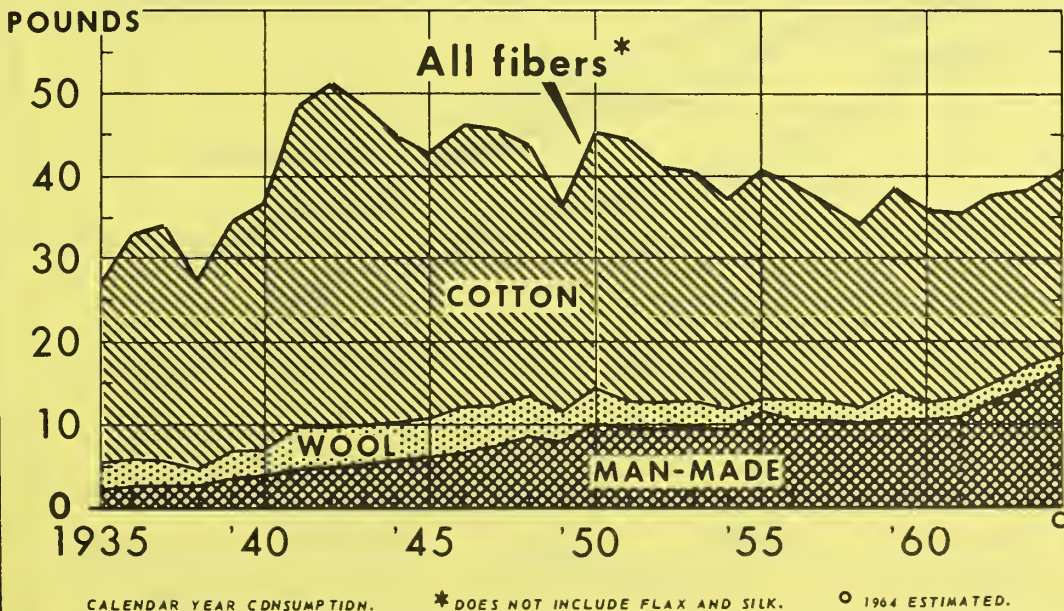


FIG. 6

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NEG. ERS 953-64 (11) ECONOMIC RESEARCH SERVICE

Since 1947, cotton production in foreign free world countries has risen faster than consumption. (See fig. 8.) Production has risen as a result of expanded acreage and increased yields. Consumption has risen along with economic and population growth.

U.S. exports of cotton textiles during January-August 1964, on a raw cotton equivalent basis, were about 9 percent above a year earlier. However, exports probably will trend downward until the end of 1964 because net costs of cotton goods to exporters have risen. This rise was because (1) the equalization program for cotton textile exports was eliminated in August 1964, and (2) cotton textile prices in the domestic market have been firm during recent months. U.S. imports of textiles thus far in 1964 have been running about 8 percent below 1963. They probably will continue below a year earlier because of a slight improvement in the competitive price position of domestically produced textiles in the U.S. market.

In recent months, farm prices for cotton have been trending downward to reflect the 2.5-cent reduction in the support price. As provided for in legislation passed last April 11, the basic support price for 1964-crop Middling 1-inch cotton, at average location, is 30.00 cents per pound, down from 32.47 cents in 1963. (See fig. 9.) The average price received by farmers for upland cotton in mid-October was 30.95 cents per pound, compared with 32.93 cents in October 1963.

Little change is expected in large stocks of extra-long staple cotton during the 1964-65 crop year. The 1964 crop of American-Egyptian cotton plus imports is expected to about equal the combined total of mill consumption, exports of American-Egyptian cotton, and sales of foreign-grown stockpile cotton. The national acreage allotment for the 1965 crop of extra-long staple cotton has been set at 77,758 acres, down from 112,500 acres for the 1964 crop.

DAILY RATE OF MILL CONSUMPTION * OF MAN-MADE STAPLE FIBERS

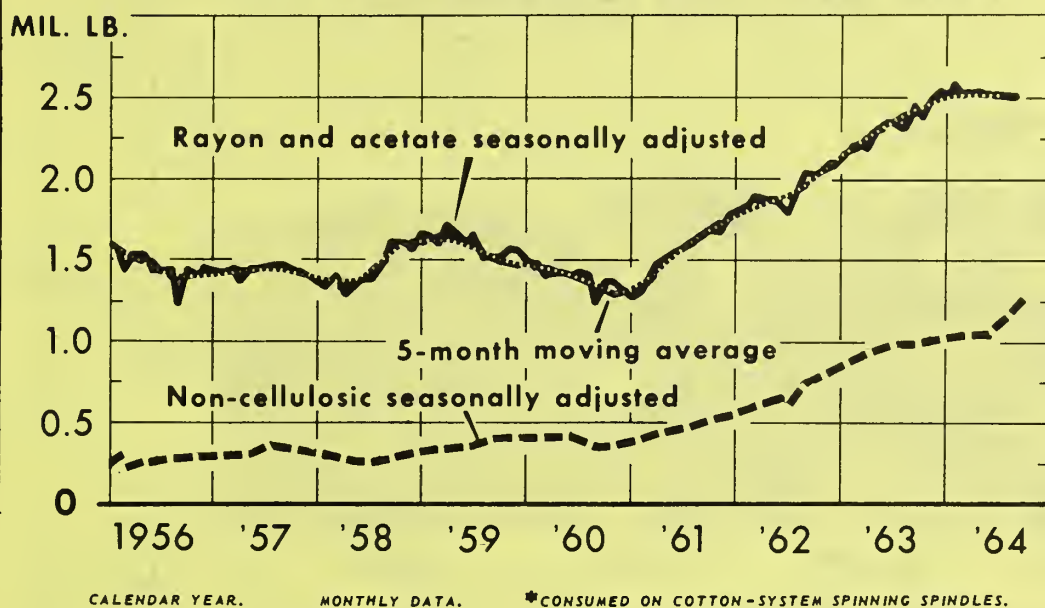


FIG. 7

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NEG. ERS 3286-64 (10) ECONOMIC RESEARCH SERVICE

FOREIGN FREE WORLD PRODUCTION AND CONSUMPTION OF COTTON

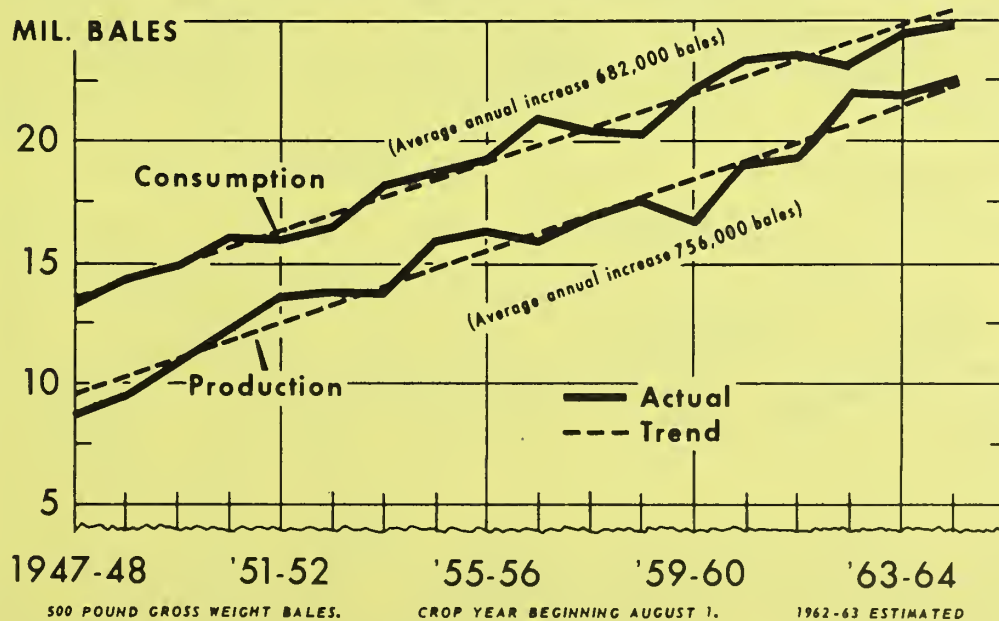


FIG. 8

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NEG. ERS 2185-64 (11) ECONOMIC RESEARCH SERVICE

PRICES RECEIVED BY FARMERS FOR UPLAND COTTON

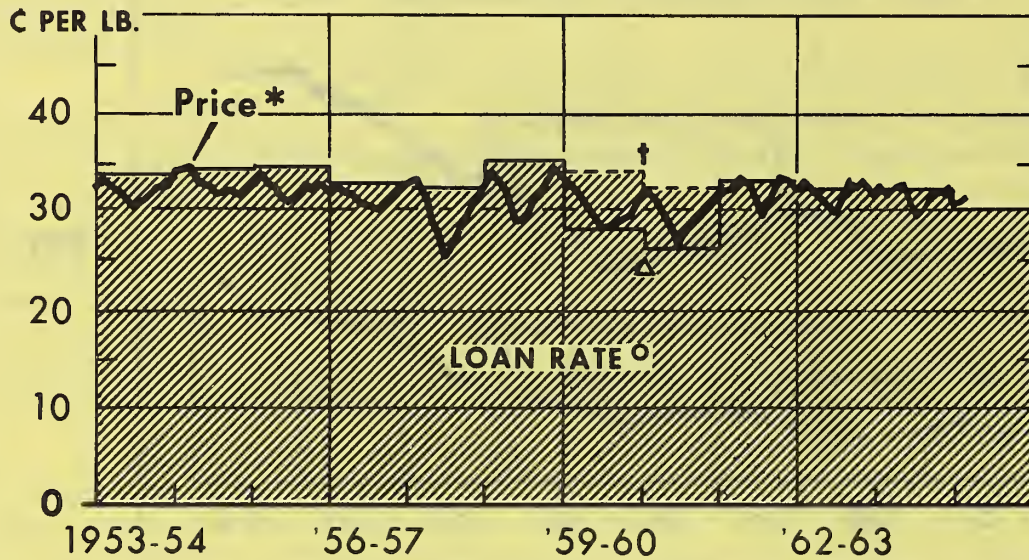


FIG. 9

BY MONTHS, YEAR BEGINNING AUG. 1. * AV. PRICE RECEIVED BY FARMERS. † PURCHASE RATE-CHOICE A.
 ▲ LOAN RATE-CHOICE B. ○ BASIS, MIDDLING 1-INCH STAPLE, AV. LOCATION.

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NEG. ERS 427 X-64 (11) ECONOMIC RESEARCH SERVICE

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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

X OUTLOOK FOR DAIRY PRODUCTS IN 1965 X

Statement by A. G. Mathis
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 9:15 A. M., Wednesday, November 18, 1964

The 1964 dairy situation is characterized by the first improvement in cash receipts from marketings of milk and cream since 1961. While only moderate, it represents a gain that dairy farmers may be able to hold next year. Both prices and marketings increased over 1963. Prices in 1965 are likely to stay up and marketings to increase further.

During 1964, prices improved about 1 percent and marketings were up about 1 percent from 1963. Most of the increase in marketings was absorbed in growing commercial disappearance. About 8 billion pounds were removed from the market by USDA programs, $2\frac{1}{2}$ percent more than in 1963. However, strong foreign demand and large PIK exports kept these supplies from depressing the market. About the same quantity of dairy products probably will be removed from the market under USDA programs in 1965. Nevertheless, prices are likely to remain at about 1964 levels because excess supplies of dairy products piled up since 1960 have been utilized, domestic commercial disappearance will grow, and foreign demand is expected to continue strong.

This year farm marketings of milk and cream are rising about $1\frac{1}{2}$ billion pounds of milk equivalent over 1963. This gain plus higher prices is increasing cash receipts from marketings about $2\frac{1}{2}$ percent over 1963 to nearly \$5 billion, 1.1 percent above the previous peak in 1961. Next year cash receipts may gain much less, since farm marketings are expected to rise less and prices are not expected to change much.

Now, let's look at some of the reasons for these developments.

First of all, farmers are selling about 119.4 billion pounds of milk this year, compared with 117.8 billion in 1963. This gain arises in part from the expected billion-pound increase in production this year. Marketings will grow about half again as much as production, because fewer farms have milk cows, and therefore farm use in 1964 is about $1/2$ billion pounds less than in 1963. This drop is part of a long-time downtrend. The number of all farms fell 23 percent from 1954 to 1959. Farms with milk cows dropped more -- 39 percent. Since 1953, the total number of milk cows has fallen every year, from 21.7 million to 16.1 million this year.

But the decline in cow numbers continues to be offset by gaining production per cow, which has risen an average of 200 pounds annually since 1953. This year's gain will be above average -- amounting to nearly $3\frac{1}{2}$ percent or over 250 pounds -- and production per cow will exceed 7,800 pounds. Next year

it will exceed 8,000 pounds. The increase in output per cow is maintaining or slightly increasing total milk production -- with 1964 output at about 125.7 billion pounds compared with 124.8 last year. Production in 1965 is expected to be maintained near the 1964 level, despite 1 day less in the year.

Changes in dairying are related to prices of milk and those of other products, especially beef, that compete for farm resources. The manufacturing milk-beef price ratio has been higher this year than it has been since 1957. Milk production has grown, especially in the areas where resources devoted to dairying or beef are most interchangeable -- the Lake States, the Corn Belt, and the Northern Plains regions.

Cost levels and off-farm opportunities also have affected dairy farming. For example, during the past 3 years smaller forage supplies and rising costs of dairying have brought about a significant increase in herd liquidation and culling in the Northeast and South. Farms have grown in size because labor availability and its cost -- as well as the convenience and shorter hours attained through mechanization -- have induced dairy farms to replace hired labor with capital. With high investment and capacity, farmers expanded their herds. Now specialized herds are using improved breeding, feeding, and management to raise output per cow and increase efficiency.

In spite of increased production and marketings, prices to farmers in 1964 have been about 1 percent above last year's levels. This is true of the price of all wholesale milk, as well as the prices of manufacturing grade milk, milk eligible for fluid use, and milkfat. In dollars and cents, 1964 average prices of milk will be 4 to 5 cents above 1963 -- an estimated \$4.14 per 100 pounds for all wholesale milk, and \$3.25 for manufacturing grade milk. Adjusted to the same milkfat content (3.75 percent), manufacturing grade milk is expected to average \$3.27 per 100 pounds for the year compared with the \$3.15 support level. Milkfat prices are expected to average 59.0 cents per pound compared with 58.5 cents in 1963.

In 1965, growing domestic disappearance and continued strong foreign demand will hold prices at about the same level as in 1964 despite the expected increase in farm marketings.

Now why, in spite of increased production, have prices moved upward?

Most important has been a good domestic demand; but increased foreign demand also has helped. Commercial disappearance this year has gained almost as much as marketings. Behind this increase lies the population gain of about 1.5 percent annually -- about 3 million persons. Since per capita consumption has trended downward since 1956, population increases have had to hold up total milk sales. Since 1961, growing economic activity and employment has helped slow the decline in per capita consumption, thereby sustaining milk sales. The average decline in per capita consumption for 1957-63 was about 8 pounds per person -- for 1962-64 it has averaged only half that much.

Aggregate consumption of milk in all dairy products is rising about $1\frac{1}{2}$ billion pounds over the 117.1 billion of 1963. Prospects point to a further but

smaller increase in 1965, partly because 1965 will have 1 day less than this year; and partly because next year's per capita consumption, which changed little in 1964, may resume its long-time downtrend. Most of this year's gain in consumption is occurring from commercial sales -- donations from CCC supplies are expected to be only about 0.3 billion pounds above last year's $5\frac{1}{2}$ billion pounds.

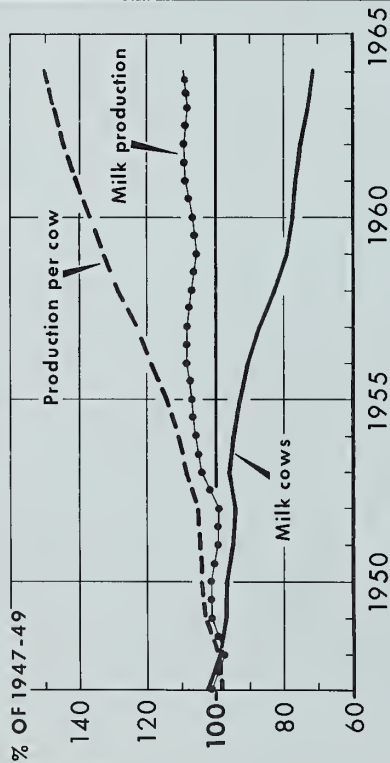
About two-thirds of the prospective increase in 1964 sales is in fluid milk. For the past 4 years combined sales of fluid milk and cream per person have remained steady or increased, after a period of uninterrupted decline from 1955 to 1960. However, per capita sales of cream items have continued to drop. Through July this year, sales of fluid whole milk in Federal order and State-controlled markets rose 1.6 percent on a daily basis, compared with 2 percent last year. Nationally, however, the decline in farms with milk cows is causing use of home-produced milk on such farms to drop almost as rapidly as the gain in fluid sales, so total consumption gained less than sales. Sales of all major manufactured products except evaporated milk also have increased.

Despite higher aggregate sales and consumption, per capita consumption of all products this year is likely to be about 2 pounds below last year's 628 pounds. Per capita consumption of most major manufactured products, including butter, appears to be the same as in 1963. In 1965 per capita consumption is expected to decline more than this year, because less high-fat products are being used per person.

Although the foreign market is a relatively small proportion of the total market for U. S. dairy products, its strength this year has a significant bearing on the level of dairy prices in this country. In late 1963 and in 1964, world stocks of dairy products have been low relative to those of earlier years. World production changed little in these 2 years, but demand for dairy products grew, as population rose and personal income went up in those countries which are dollar markets for American dairy products. From February to October 1964, our export sales price for butter rose more than 10 cents, while exports of nonfat dry milk, sold at about 7 cents per pound in January, are now selling close to domestic price levels. It is too much to hope that these world price levels will be maintained, but substantial foreign purchases of American dairy products for dollars can be expected in 1965.

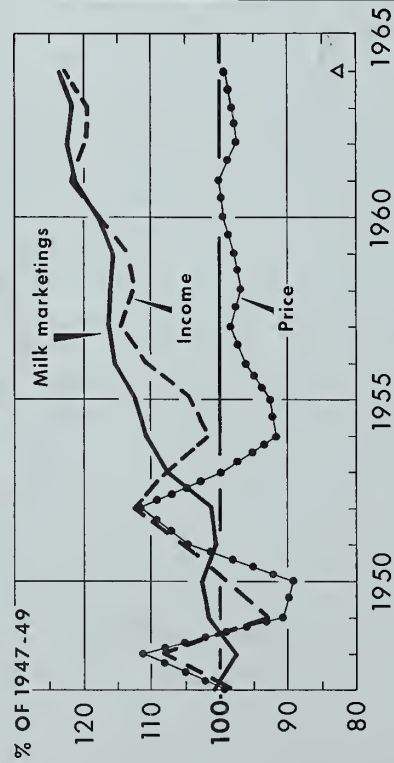
This year, largely because of the Payment-In-Kind Program, the United States may export for dollars about 660 million pounds of nonfat dry milk compared with 403 million a year ago, and about 110 million pounds of butter compared with 67 million last year. These sales were possible because large quantities of butter and nonfat dry milk had been accumulated from earlier years -- and of course because of the increased foreign demand. In 1963 and 1964 the accumulations of 1960-62 were utilized, largely in foreign outlets. At the end of 1964, the United States will have stocks of manufactured dairy products totaling about $5\frac{1}{2}$ billion pounds of milk equivalent -- only about half of the 10.4 billion it had at the start of the year. In 1965, therefore, exports will have to come out of current production. The amount the United States will have available for export, after domestic needs are met, will fall sharply below the 1964 level.

MILK PRODUCTION, COW NUMBERS, AND MILK PER COW



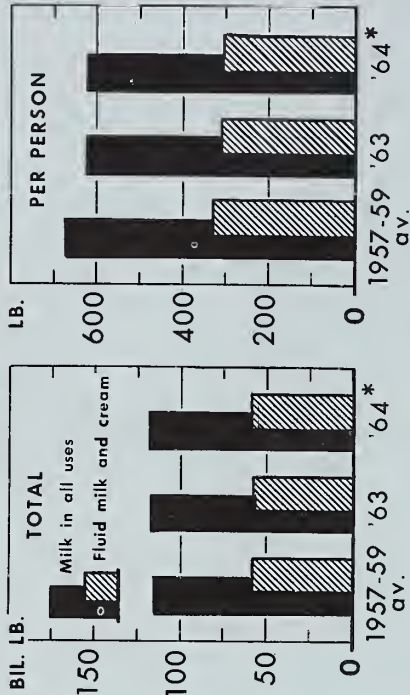
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MILK MARKETINGS, PRICE, AND INCOME



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NEG. ERS 2913-64 (10) ECONOMIC RESEARCH SERVICE

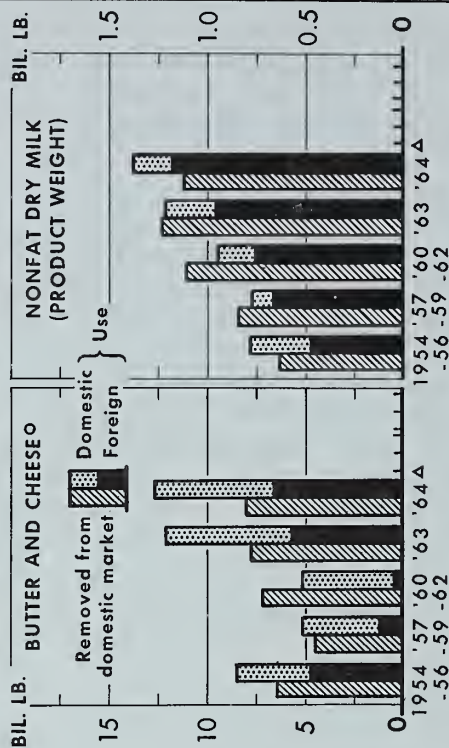
MILK CONSUMPTION, TOTAL AND PER PERSON



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NEG. ERS 1463-64 (10) ECONOMIC RESEARCH SERVICE

PRICE SUPPORT OPERATIONS*



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3257-64 (10) ECONOMIC RESEARCH SERVICE

OUTLOOK FOR FATS, OILS, AND OILSEEDS IN 1964-65

Talk by George W. Kromer
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C. , 1:30 P. M., Wednesday, November 18, 1964

The U. S. supply of edible fats, oils, and oilseeds during the 1964-65 marketing year is forecast at 16.4 billion pounds (in terms of oil), about 4 percent less than the record quantity last year. The decline is due to a sharp drop of 700 million pounds or one-third in carryover stocks of butter and edible vegetable oils on October 1, 1964, as output in 1964-65 is expected to about equal the previous year. Domestic consumption of edible fats and oils in 1964-65 probably will rise about in line with population growth. Domestic disappearance in the latter part of the 1963-64 marketing year and the early part of 1964-65 may exceed consumption, probably as a result of an increase in stocks in unreported positions associated with the continued rise in edible oil prices. Based on Census reported data, about 6.4 billion pounds of food fats would be available for export and carryout stocks in 1964-65 compared with 7.0 billion a year earlier.

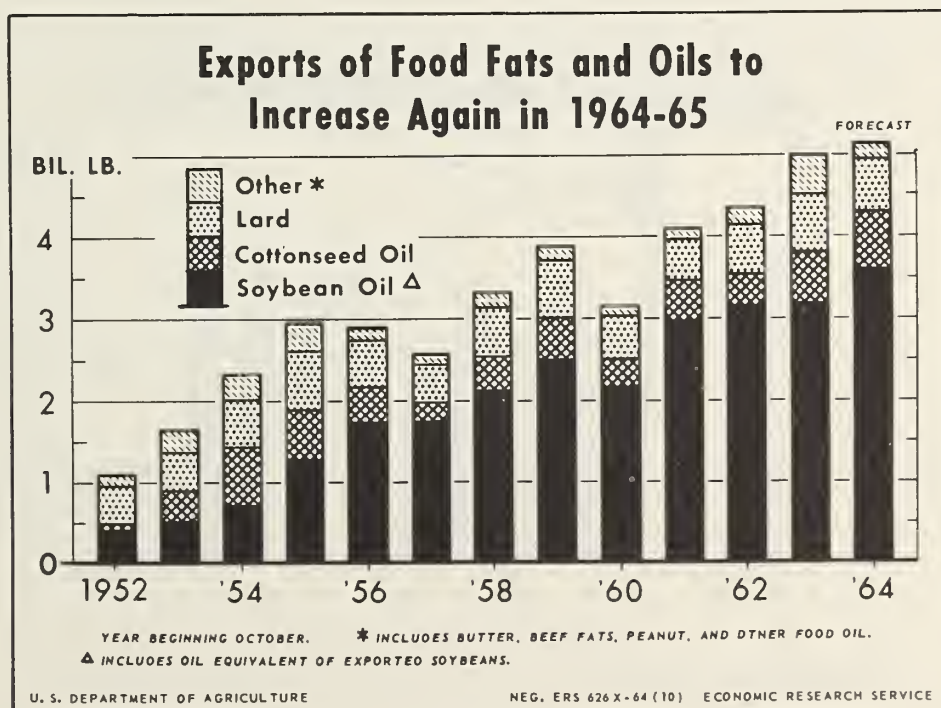


Figure 1

Exports of food fats (including the oil equivalent of soybeans) through September 1965 are forecast at around 5.2 billion pounds, up slightly from 1963-64, as increased shipments of edible vegetable oils and soybeans more than offset declines in butter and lard. Such an export volume would account for about one-third of the 1964-65 U. S. output of these commodities.

Main factors in the export outlook for 1964-65:

(1) Europe probably will keep buying more U. S. soybeans, because meal demand is expanding and oil prices are higher this year than last. Therefore meal prices are relatively lower.

(2) Spain is again buying U. S. soybean oil for dollars; olive oil production is down sharply in the Mediterranean Basin countries.

(3) Shipments of edible oils (cottonseed and soybean) under the Food for Peace program (all Titles of P. L. 480) are expected to expand sharply to over a billion pounds, a third more than in 1963-64. A substantial Title I agreement has been made with India; and shipments under Title III barter will be greater this year than last. Titles II and III foreign donation programs will be increased by reason of edible oils replacing butter.

(4) A continued expansion in world demand for vegetable oilseeds and products will likely exceed the slight rise in production. Some depletion of world stocks, particularly olive and soybean oils, is expected and vegetable oil prices will be higher than a year earlier.

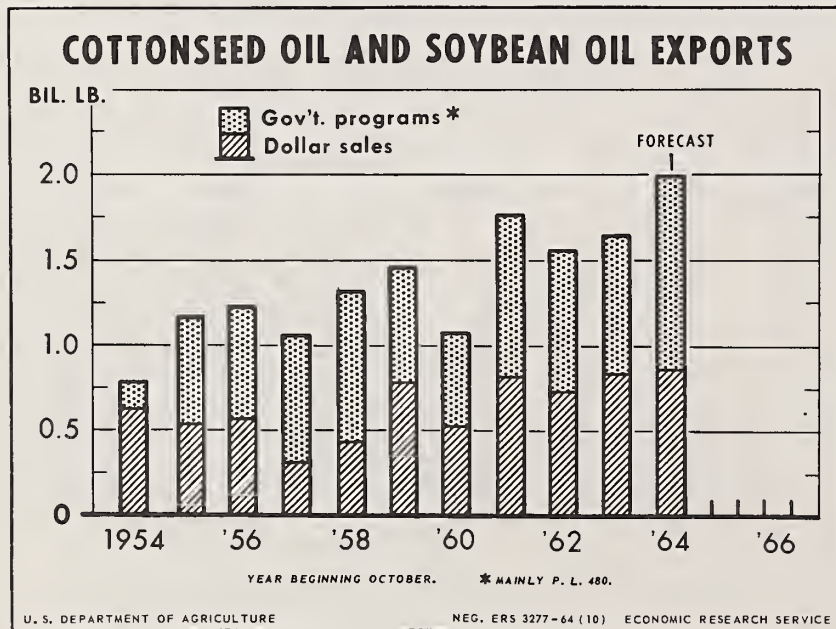


FIGURE 2

The general level of U. S. fats and oils wholesale prices advanced about 15 percent from early August 1964 through early November 1964, led by a sharp increase in soybean oil prices. The rise is associated primarily with the decline in the 1964 soybean crop prospects, a sharp reduction in the oil inventory this fall accompanying an increase in domestic disappearance, and the stronger export demand. The price strength has come at a time when U. S. oilseeds, fats, and oils marketings are the heaviest and prices normally are at their seasonal lows. But now with prospective 1964-65 supplies of food fats below year-earlier levels and domestic and export requirements greater, it appears that U. S. fats and oils prices have moved up to a higher plateau and likely will continue strong throughout the 1964-65 marketing year.

Total exports of edible vegetable oils during the 1964-65 marketing year are forecast at around 2.0 billion pounds. This compares with 1.7 billion pounds a year earlier and the previous peak of 1.8 billion in 1961-62. Soybean oil exports probably will account for two-thirds of the total. Here are the details comprising the prospective export outlook:

Cottonseed and soybean oils: Dollar and Food-for-Peace exports,
1964-65 forecast compared with 1962-63 and 1963-64

Export financing	Year beginning October								
	1962-63 <u>1/</u>			Preliminary 1963-64 <u>1/</u>			Forecast 1964-65 <u>1/</u>		
	SBO	CSO	Total	SBO	CSO	Total	SBO	CSO	Total
	Mil. <u>lb.</u>	Mil. <u>lb.</u>	Mil. <u>lb.</u>	Mil. <u>lb.</u>	Mil. <u>lb.</u>	Mil. <u>lb.</u>	Mil. <u>lb.</u>	Mil. <u>lb.</u>	Mil. <u>lb.</u>
Dollars <u>2/</u>	515	208	723	515	320	835	510	350	860
Food for Peace: (P.L. 480)									
Title I	526	129	655	413	220	633			
Title II	40	16	<u>4/56</u>	15	10	25			
Title III <u>3/</u>	68	29	97	50	31	81			
Title IV	13	---	13	111	1	112			
Total P.L. 480	647	174	821	589	262	851	790	350	1,140
Grand total	1,162	382	1,544	1,104	582	1,686	1,300	700	2,000

1/ Partly estimated. 2/ Includes some AID. 3/ Donations and barter. 4/ Excludes 7 million pounds shortening shipped under Title II.

Now let us turn to the outlook for individual commodities.

Soybean supplies in the 1964-65 marketing year are placed at 734 million bushels compared with 717 million last year. The increase is due to larger starting stocks on October 1, 1964; they totaled 32 million bushels, more than double the 15 million a year earlier. The 1964 soybean crop was estimated as of November 1 at 702 million bushels compared with 701 million in 1963. Soybean acreage for harvest was 30.9 million, up 2.3 million from 1963. Indicated national yield November 1 was 22.7 bushels per acre, nearly 2 bushels below last year. Dry hot weather during the growing season in the heart of the soybelt was largely responsible for the drop in yields this year.

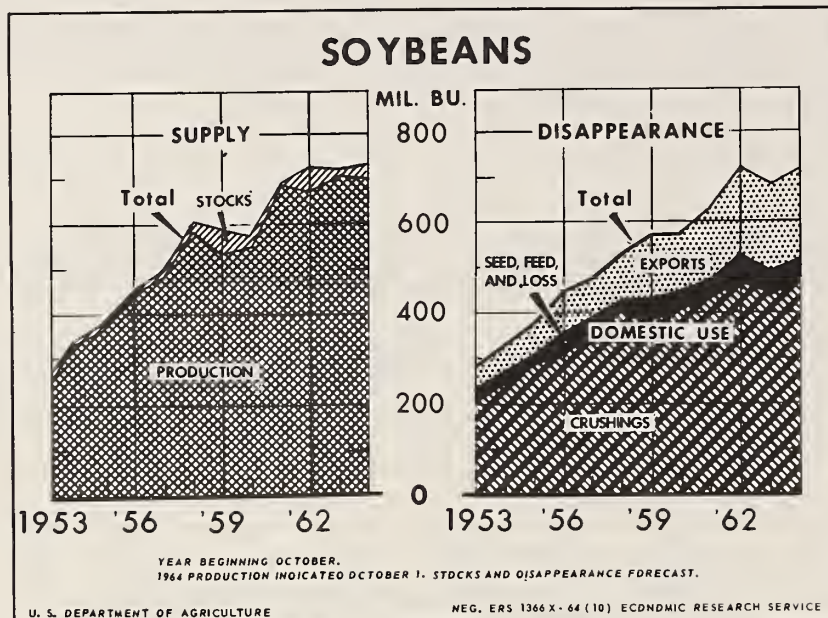


FIGURE 3

Soybean crushings are forecast at around 470 million bushels compared with 441 million in 1963-64. Soybean exports, put at around 200 million bushels, compare with 191 million last year. After allowing for seed, feed, and waste, this would leave carryout stocks of old-crop soybeans on September 30, 1965, at a minimum level of approximately 15 million bushels compared with 32 million this year and 15 million in 1963.

Because of the fairly close balance between supply and demand in 1964-65, soybean prices to farmers likely will remain relatively strong throughout the marketing year. The U. S. season average price received by farmers for 1964-crop soybeans is forecast at \$2.55 per bushel, about the same as a year earlier and 30 cents above the 1964 support rate of \$2.25. It is anticipated that soybean prices will fluctuate considerably this year. However, they probably will conform more closely to the usual season pattern than in 1963-64, when they hit their seasonal peak during harvest and then declined mainly because of the reduced demand for meal and the resultant smaller crush.

Crusher demand will be greater this marketing year, because (1) soybean oil stocks on October 1, 1964, were one-third less than the year before; (2) exports of soybean oil are expected to rise considerably above the 1963-64 level; and (3) soybean oil prices likely will average sharply above the 1963-64 level. Soybean meal exports are expected to increase and domestic use may be up slightly as meal prices average a little below last year's relatively high level. Thus, it appears that processors' margins may improve some and average above the 6 cents per bushel of 1963-64. (A margin is the spread between spot prices paid for soybeans and the combined value of soybean products).

Soybean oil demand during the 1964-65 marketing year is expected to be a greater determinant in the volume of soybean crushings than in recent years because of the sharp reduction in the oil inventory and the improved export prospects. Soybean meal demand will continue to be an important factor, too, in that it will tend to regulate the crush because of the storability problem with soybean meal. But with oil prices higher and meal prices lower than in 1963-64, both domestic use and exports of soybean meal are expected to increase.

The 1964-65 supply of soybean oil is forecast at 5.7 billion pounds, approximately the same as a year earlier, as increased production tends to offset smaller starting stocks on October 1, 1964. Domestic disappearance is forecast at 4.0 billion pounds and exports at 1.3 billion, leaving carryover stocks on September 30, 1965, of around 0.4 billion pounds (crude and refined), the smallest since the 308 million pounds in 1960.

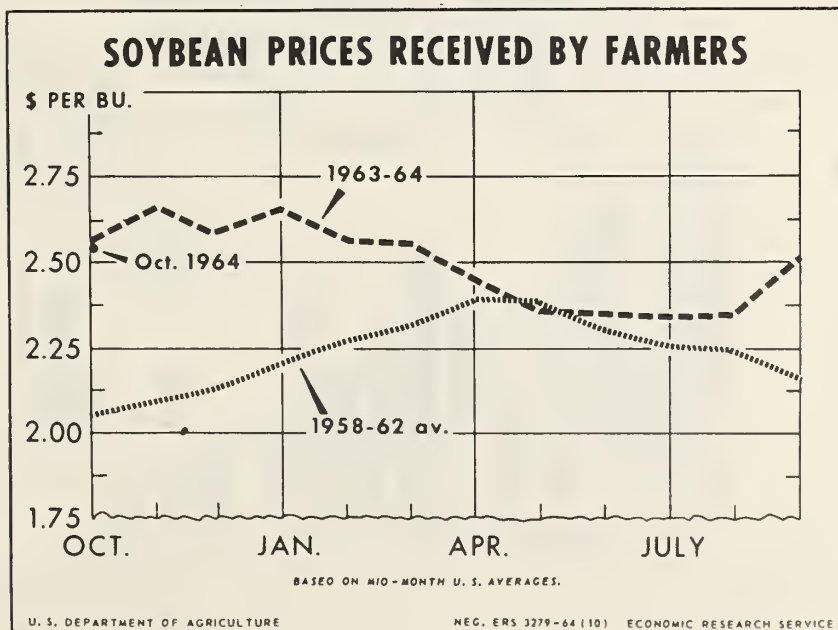


FIGURE 4

Factors in the domestic disappearance forecast for soybean oil during 1964-65; (1) Per capita use of food fats and oils will remain around 46 pounds (fat content); (2) lard production and usage will be down about 6 percent, but lard buying for domestic school lunches and the needy probably will continue at about 100 million pounds annually; (3) cottonseed oil domestic usage will increase because of the narrow price differential between it and soybean oil; and (4) domestic butter donations will be considerably below the heavy rate in 1963-64.

Soybean oil prices (crude, Decatur) for the entire 1964-65 marketing year may average 2 to 3 cents per pound higher than the 8.5 cents in 1963-64. Total disappearance of soybean oil likely will be record high, and oil stocks are expected to remain sharply below year-earlier levels. Prices in October, the first month of the current marketing year, averaged approximately 11.0 cents per pound, 1.5 cents above a year earlier.

The soybean meal supply in the 1964-65 marketing year that started October 1 is forecast at 11.2 million tons compared with 10.8 million for 1963-64. Domestic disappearance is forecast at 9.4 million tons (it was 9.2 million in 1963-64) and exports at a record 1.7 million (it was 1.5 million in 1963-64), leaving carryover stocks about unchanged from this October 1.

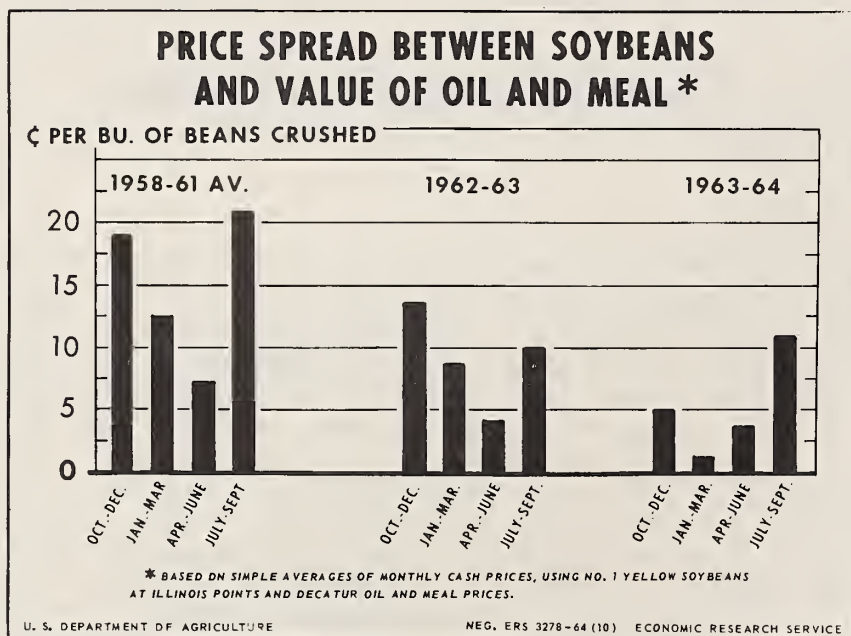


FIGURE 5

Considerations in the domestic disappearance forecast for soybean meal during 1964-65 include: (1) Increasing demand for livestock products because of rising population and consumer incomes; (2) a slightly higher feeding rate of protein per animal unit, because prices of livestock are expected to average higher than in 1963-64; (3) larger supplies of soybean meal for feeding at slightly lower prices; and (4) growing competition from synthetic urea as a substitute protein source. The number of high-protein consuming animal units in 1964-65, currently estimated at 145 million, is down slightly from the 146 million in 1963-64. Based on these early prospects, the quantity of protein feeds fed per animal unit would be about 3 percent above the 226 pounds fed in 1963-64.

Export demand for soybean meal is generated essentially by the same factors as for soybeans. Demand for oilseed meals is strong and continues upward, particularly in Western Europe, where U. S. meal has established a reputation for high quality. The expanding demand for protein concentrates in Europe also reflects increasing demand for livestock products, rising incomes, and preferences for meat. Other factors include increased knowledge of the feeding value of soybean meal and continued improvement in feeding practices. Soybean meal exports during 1963-64 totaled 1.5 million tons; about three-fourths went to Western Europe.

Soybean meal prices (44 percent protein, bulk, Decatur) during 1964-65 are expected to average a little below the relatively high level of \$71 during the past 2 marketing years. Soybean meal prices are starting off at a somewhat lower level this year than last. Prices in October 1964 averaged \$69 per ton compared with last year's high level of \$73.50 for the same month. The current price situation reflects the seasonal pickup in soybean crushings and meal output, the strong export but continued sluggish domestic demand, and higher soybean oil prices this fall than last.

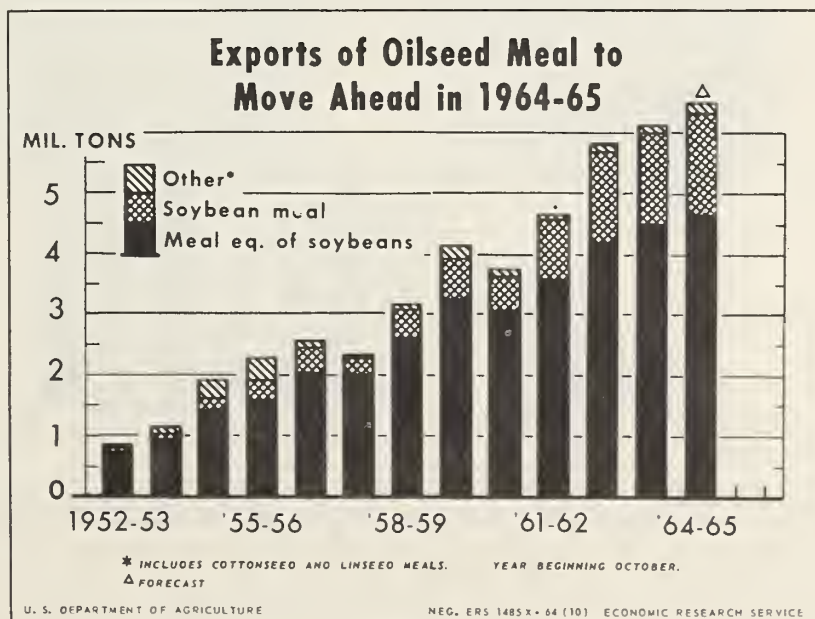


FIGURE 6

The basic underlying factors stimulating the rapid rise in soybean exports the last 10 years or so--from 17 million bushels in 1951-52 to 191 million in 1963-64--are still in force. With continuing strong demand, exports during 1964-65 are forecast at around 200 million bushels. The slight increase over last year is expected to go mainly to Europe although exports to Japan should improve over the previous year's level.

Europe likely will keep buying more U. S. soybeans because of its expanding livestock economy and increased feeding of soybean meal and other concentrates. Europe continues to expand its broiler production (particularly in the EEC countries), much like the United States has during the past decade. Furthermore, Western Europe's fats and oils stocks (excluding olive oil) are believed to be low and oilseed production has been reduced, especially olive oil in Mediterranean Basin countries.

Exports to Japan in 1964-65 are expected to rise as the upward trend in consumption of soybeans continues in that country and Japanese production continues downward. Japan's rapidly expanding livestock industry is requiring further increases in the use of soybean meal and other feed concentrates. Japan's 1964 soybean production is estimated at 9.3 million bushels, one-fifth below the year before. Since this is equal to only about 14 percent of the Japanese estimated consumption of 67 million bushels, heavy imports will be necessary, mainly from the United States. For calendar 1964, Japanese traders agreed to buy from Communist China a total of 10.8 million bushels of soybeans --9.2 million under the long-term agreement and 1.6 million through "friendly firms".

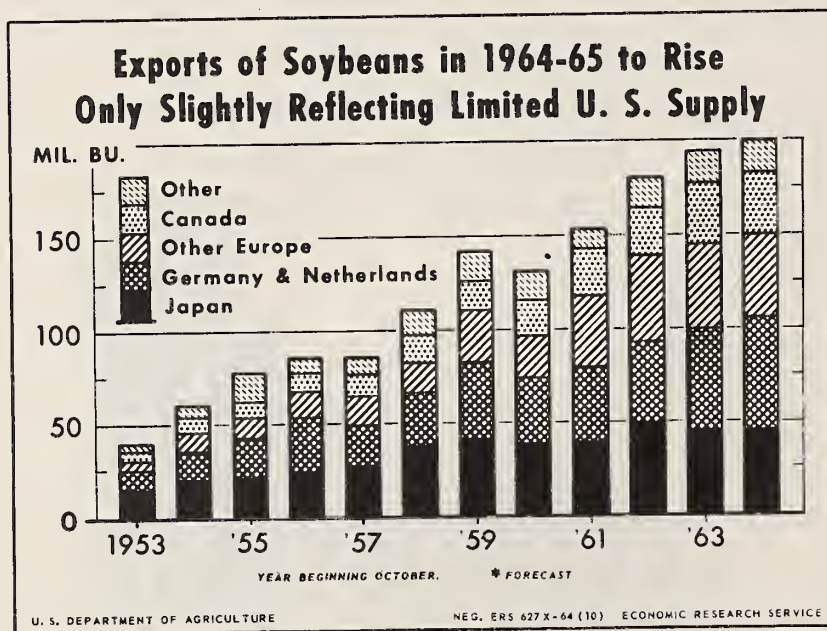


FIGURE 7

Cottonseed production in the 1964-65 marketing year that started August 1 is estimated at 6,372,000 tons, about 3 percent above last year. Prices to farmers for 1964-crop cottonseed are averaging about \$46 per ton, \$5 below last year and near the CCC purchase price of \$44 per ton, basis grade (100). Prices are expected to increase some in the latter part of the marketing period, because of higher product prices.

The cottonseed oil supply is placed at 2.6 billion pounds, 5 percent above a year earlier and the largest in a decade. Domestic use is forecast at 1.5 billion pounds and exports around 0.7 billion, both above year-earlier levels. Prices of cottonseed oil (crude, tanks Valley) probably will average 1 to 2 cents per pound higher than the 10 cents in 1963-64. The price differential between cottonseed oil and soybean oil likely will be narrower and possibly erased. Because of lower prices paid by crushers for cottonseed this year, higher oil prices, and prospective increases in disappearance, the CCC is not expected to acquire cottonseed oil under the program this year. In 1963-64, CCC acquired 165 million pounds of cottonseed oil, all of which has been programed for foreign donations.

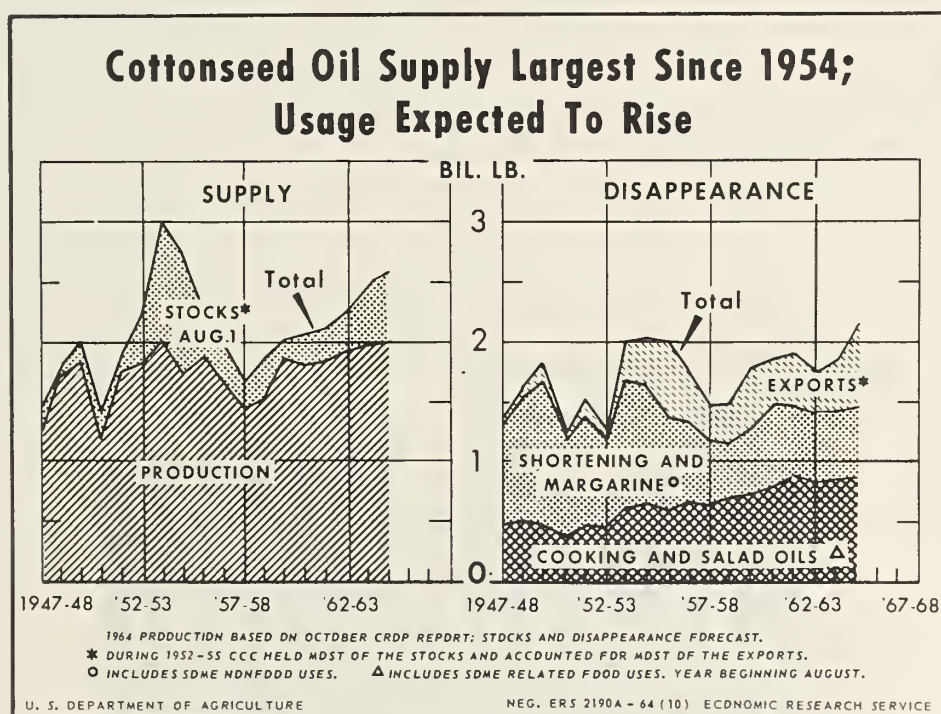


FIGURE 8

Cottonseed meal prices (bulk, Memphis) during August 1963-July 1964 averaged \$63.30 per ton compared with \$65.00 the year before. Current indications are that cottonseed meal prices in 1964-65 will average slightly below the year-earlier level. Demand and price for cottonseed meal will be affected as usual by hay supplies and pasture conditions in the South and by the increasing use of urea. Hay supplies are above the short supplies of a year ago in the Southern States. Reported pasture conditions for the Nation on November 1, 1964, was 65 percent of normal compared with 60 percent a year earlier and the average of 81.

Lard supply (including farm) in the 1964-65 marketing year that began October 1 is forecast at 2.4 billion pounds, 6 percent below 1963-64 and the smallest since 1953. Total commercial hog slaughter is forecast at 78 million head compared with 83 million in 1963-64. Lard yield probably will continue at the reduced 1963-64 rate of about 29 pounds per animal.

Lard yield per slaughtered hog trended down from 33.8 pounds in 1951 to 28.9 pounds in 1963, mainly because of improved breeding and feeding practices. The pressure to shift from fat-type hogs will become stronger, since neither fat pork nor lard is likely to find a ready market. In 1960-61 (the latest data available), about one-third of the hogs slaughtered were meat-type hogs (U. S. number 1), based on a special USDA survey.

Domestic use of lard in 1964-65 is forecast at 1.7 billion pounds compared with 1.8 billion last year. Direct use is expected to total around 1.2 billion pounds, about the same as the year before but the smallest since 1935. This will leave about 0.5 billion pounds for use in shortening and margarine manufacture. On October 1, 1964, the USDA announced plans to buy lard for distribution to needy families, schools, and institutions under Sec. 32, Public Law 320. Purchases are being made on a bi-weekly basis, and from 5 to 6 million pounds will be procured every other week. About 17 million pounds have been purchased under this program through November 10, 1964. During the 1963-64 marketing year, the USDA bought 110 million pounds of lard for domestic donations.

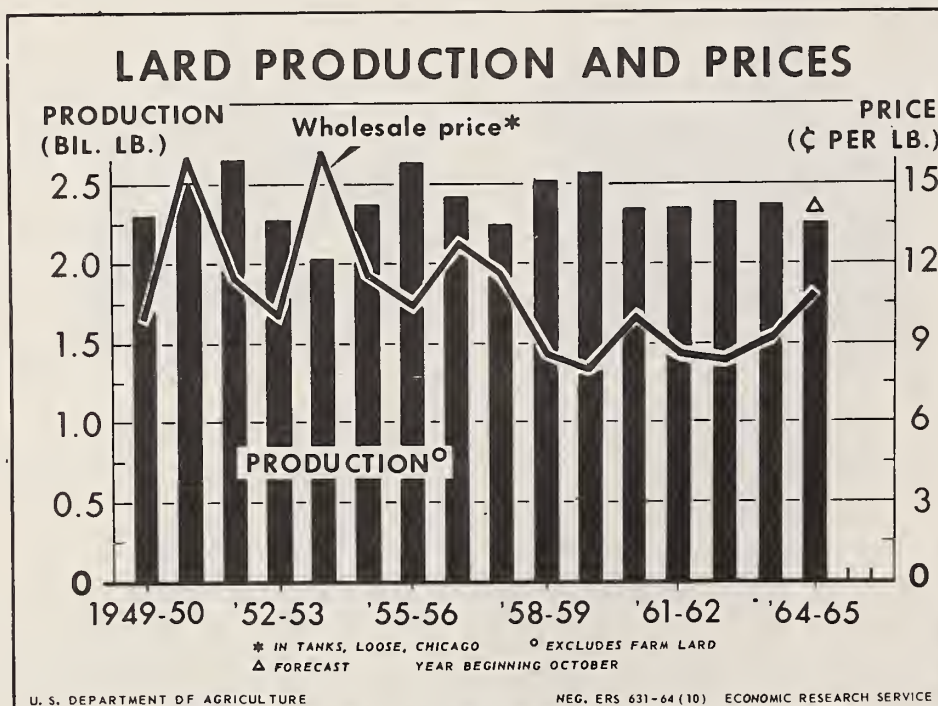


FIGURE 9

Lard prices (tanks, loose, Chicago) for the 1964-65 marketing year are expected to average around 2 to 3 cents per pound higher than the 9.2 cents average a year ago. Smaller U. S. lard supplies and a continuing strong export demand, along with higher prices for competitive soybean and cottonseed oils, are price-strengthening factors.

Lard exports and shipments during 1964-65 are forecast at about 650 million pounds compared with 700 million last year. The important foreign outlet for U. S. lard has narrowed to the United Kingdom, which accounts for about 80 percent of U. S. lard exports. Limited U. S. availabilities and higher prices are the major factors reducing lard export prospects this year. Also, hog slaughter and lard output in Europe will be sharply above last year and this probably will reduce East European demand. During 1963-64, lard exports to Yugoslavia, Hungary, and Czechoslovakia totaled 36 million pounds.

The total flaxseed supply for the 1964-65 marketing year which began on July 1 is placed at 40 million bushels, equal to that of 1963-64. Production is down this year but is offset by greater carryover stocks. Starting stocks on July 1, 1964, were 13.1 million bushels, about 60 percent above those of last season.

The 1964 flaxseed crop is slightly above domestic requirements for crushing and seed and CCC is expected to acquire the excess under the price support program. The 1964 season average price received by flaxseed growers is estimated at \$2.90 per bushel, resting on the CCC support rate (farm basis) but slightly above the \$2.79 received in 1963.

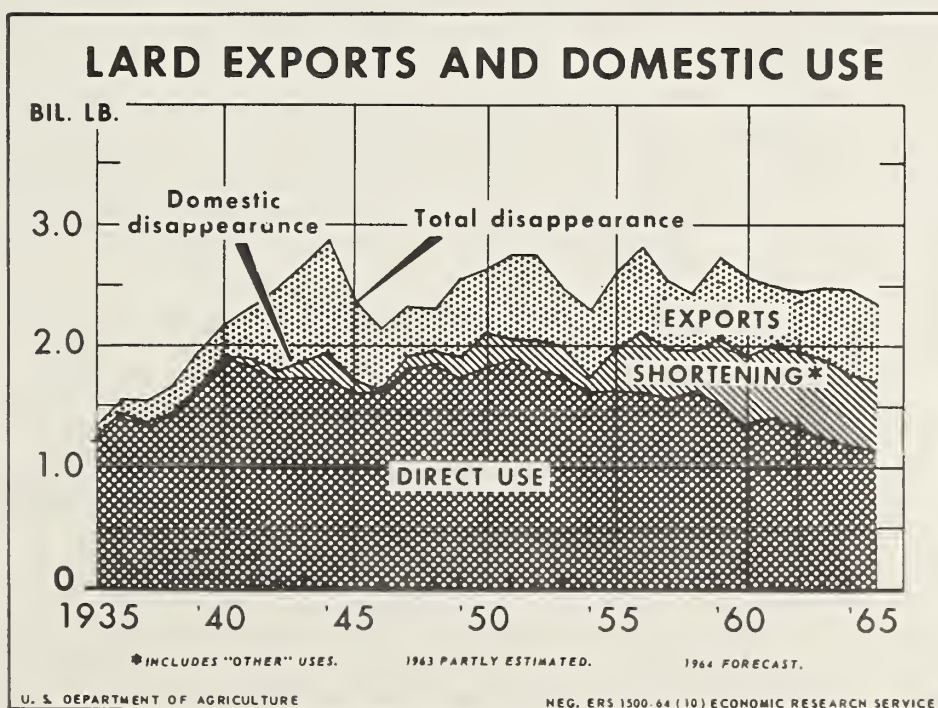


FIGURE 10

Flaxseed crushings during 1964-65 are estimated at 22 million bushels compared with 19.4 million last season. A crush this size will produce around 440 million pounds of raw linseed oil and nearly 400 thousand tons of linseed meal. Flaxseed exports are placed at 8 million bushels (5 million have already moved out) compared with 4 million last year. About 2 to 3 million bushels will be required for seeding next year's crop, leaving carryover stocks on June 30, 1965, at around 8 million bushels.

With 1964-crop flaxseed prices averaging above last year and about at support, and linseed meal prices running lower, linseed oil prices probably will continue fairly steady during the 1964-65 marketing year, averaging around 13.5 cents per pound (raw, tank cars, Minneapolis). The 1963-64 season average was 13.0 cents per pound. Prices during July-October 1964 averaged 13.3 cents per pound compared with 12.6 cents the same months last year. This is a relatively low price level for linseed oil in contrast to earlier years and likely will encourage increased domestic usage. Domestic disappearance of linseed oil during 1964-65 is estimated at 400 million pounds, up from the year-earlier rate of 370 million pounds.

Monthly average flaxseed prices (No. 1 Minneapolis) have moved up from \$2.97 per bushel in August 1964 to \$3.16 in October. Prices the first week of November were quoted at \$3.22 per bushel, 22 cents higher than November 1963. World market prices for flaxseed are currently above the U. S. support prices (terminal support is \$3.13 per bushel at Minneapolis) and Rotterdam linseed oil prices are well above last year's level. Stocks of linseed oil in Rotterdam are relatively low and exports from Argentina (the world's leading exporter of linseed oil) have been lagging.

The USDA on November 12, 1964 announced an export payment program for flaxseed and linseed oil which is designed to move these commodities into export channels from market supplies.

Export payments--equal to the difference in domestic price and world market price--will be made in transferrable payment-in-kind certificates which will be redeemable for an equal value of commodities from CCC stocks. Operating details of the program and export payment rates, if justified by marketing conditions, will be announced in the near future.

At the same time, USDA announced that producers will have the option of extending loan maturity dates for 1964-crop flaxseed. This will give producers more time in which to benefit from market activity brought about by the new export program. In Arizona and California, where this date has been set for January 31, 1965, the new option will make possible an extension to June 30, 1965. Producers in all other States where the announced maturity date has been set for March 31, 1965, now can obtain a similar extension to June 30, 1965.

CCC will assume approved warehouse charges accruing on flaxseed acquired under the price support program as of June 30, 1965, in commercial warehouse storage for the period after January 31, 1965, in Arizona and California, and after March 31, 1965, in all other States.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

(*-*)

+ OUTLOOK FOR FEED IN 1965 +

Talk by Malcolm Clough
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 1:30 P.M., Tuesday, November 17, 1964

Feed grain supplies for the 1964-65 marketing year were estimated, on the basis of October indications, at 206 million tons, down 6 percent from last year. This is the third year in the last 4 that supplies have dropped and the 1964-65 supply is 25 million below the 1960-61 record. Domestic use has dropped a little in the past 2 years and a further slight decline seems probable in 1964-65. But the smaller 1964 crop is expected to be about 10 to 12 million tons below total disappearance. This would reduce the carryover from 69 million tons this year to around 58 million tons in 1965-66. Feed grain prices may average a little higher in 1964-65--strengthened by smaller supplies and higher loan rates. High-protein feed supplies in 1964-65 are expected to be a little larger than in 1963-64 and probably will sell at prices a little below those of the past 2 years. Hay supplies this year are 3 percent smaller than in 1963-64. Supplies will be short in areas of the Eastern Seaboard, the South, and the Midwest where dry weather reduced yields.

The total supply of feed grains and other concentrates has dropped about 20 million tons from the record level reached in 1960-61. This year's supply, estimated in October at 240 million tons, is 12 million tons below the year before and the smallest since 1958-59. The 19-million-ton reduction in the feed grain crop, much more than offsets a larger carryover, increased wheat feeding and slightly larger byproduct feed supplies.

Influenced by lower wheat prices this year, the quantity of wheat fed to livestock during the 1964-65 October-September feeding year may reach 100 million bushels for the first time since 1952-53. Even at this higher level, wheat will not be a major source of feed, amounting to only about 2 percent of all concentrates fed to livestock.

The 1964 feed grain crop was estimated in October at 137 million tons, 12 percent below the record production last year as a result of smaller acreage and lower yield. Feed grain acreage this year was down--5 percent from 1963 and 21 percent below the 1959 and 1960 average--the base period for the Feed Grain Program. Dry weather in the Corn Belt and in some areas of the South reduced the national average yield per acre by about 7 percent from last year's record high.

Total feed grain use has declined during the past 2 years, following a marked increase from 1956-57 to 1961-62. In 1961-62 and 1962-63, production dropped below total consumption and about 20 million tons of feed grains were

withdrawn from CCC stocks. After rising above use in 1963-64, production is expected to fall below total use in 1964-65 by 11 million tons. Carryover of feed grains is expected to drop to about 58 million tons at the close of the 1964-65 marketing year. This would be 11 million tons below the carryover into 1964-65 and 27 million below the record carryover into 1961-62.

The corn supply for 1964-65 was estimated in October at 5.1 billion bushels, 7 percent below last year. The 1964 corn crop, is a little below 3.6 billion bushels, more than 500 million bushels below the record crop last year. Total corn disappearance has slipped a little during the past 2 years. This has been due at least in part to increasing corn prices in relation to prices of other feeds and also in relation to prices of livestock and livestock products. Even with a further small decline in corn use in 1964-65, the crop probably will be around 300 million bushels below total use. In this event, the corn carryover at the close of the 1964-65 marketing year would drop to around 1.2 billion bushels, the lowest since 1956.

Sorghum grain supplies for 1964-65 were estimated in October at 1,136 million bushels, about 100 million less than last year. Dry weather in the Western Corn Belt and Southwest reduced the 1964 crop 16 percent from last year's output. Domestic consumption of sorghum grain in 1964-65 may decline somewhat from last year's record high, but exports probably will continue near the high level of the past 2 years. The carryover next October 1 may be around 10 percent below the 649 million bushels this fall.

Oat and barley supplies for 1964-65 are down about 4 percent from last year, continuing the general downtrend since 1958. The oat supply, estimated at 1.2 billion bushels is the smallest supply since 1936. The barley supply is down nearly 20 percent below 1958. Much of the reduction in the 1964 supply is in the Northern Plains States.

Feed grain prices in 1964-65 probably will average a little higher than in the past year, continuing the general upward movement of the past 3 years. Prices received by farmers for feed grains rose slightly in 1963-64 from the year before and were about 10 percent above the postwar low of 1960-61. The provisions of the Feed Grain Program will continue to be important in influencing CCC sales and feed grain prices in 1964-65. Under the 1964 Feed Grain Program, CCC cannot sell feed grains against the certificate pool at less than the loan rate plus carrying charges. The higher loan rates, as well as the increase in carrying charges, will give higher base prices for 1964-65 sales. This, together with the smaller crop, is expected to result in a little higher feed grain prices for 1964-65.

Corn prices have advanced more than other feed grains during the past 3 years. The increase in the loan rate on corn from \$1.07 in 1963 to \$1.10 for 1964 and the smaller crop will strengthen corn prices in 1964-65. The CCC sales price for corn in October was based on the national average of \$1.10 per bushel and was increased 1 1/2 cents per bushel for carrying charges for November. Assuming the same monthly carrying charges continue through the

marketing year, this would raise the minimum sales price of corn sold from the certificate pool to above \$1.20 per bushel by next summer. Prices received by farmers for corn in 1964-65 are expected to average a little above the 1963-64 level.

Exports of feed grains in the 1964-65 marketing year are expected to equal and may exceed the record high of 18.7 million tons last year. Corn exports reached a new record of 500 million bushels in 1963-64. They are expected to continue near that level in 1964-65. Increasing corn exports in recent years have more than offset a decline in the combined exports of other feed grains.

Heavy exports of feed grains in recent years have been due to increasing demand to meet the rising per capita consumption of livestock and livestock products in a number of foreign countries, especially Western Europe and Japan. While feed grain production has been going up in a number of these countries, demand has gone up at a faster pace. About 65 percent of U.S. feed grain exports in 1963-64 went to Western Europe. Japan, however, became our leading customer--taking over 3 million tons or 17 percent of the total.

High-protein feed supplies are expected to increase a little in 1964-65 after a slight decline this past year. In 1963-64 soybean meal feeding was 4 percent below a year earlier, but this was largely offset by increases in feeding of tankage, meat meal, fish meal, and gluten feed. The quantity of soybean meal fed in 1963-64 was 1 percent above the 1958-62 average but other oilseed meals were up 8 percent, animal protein feeds 14 percent, and grain protein feeds 15 percent.

Soybean meal prices have been high in relation to other protein feeds. In 1963-64, prices at Decatur averaged \$71.00 per ton, about the same as in 1962-63 and close to the 10-year high. As compared with the 1958-62 average relationship, the price of cottonseed meal was 9 percent below soybean meal in 1963-64; linseed meal was 20 percent below; meat meal and gluten feed prices were 11 percent below.

In 1964-65, soybean meal prices may average a little below the relatively high level of the past 2 years. A prospective strong foreign demand for soybean meal and the smaller soybean crop, however, will continue to lend support to soybean meal prices this year.

Looking ahead to 1965-66 farmers participating in the Feed Grain and Wheat Programs in 1965 may, for the first time, substitute wheat and feed grain acreages. This will make for greater flexibility of production and probably will result in a further increase in wheat feeding next year. More wheat is expected to be produced in areas where wheat can compete with feed grains for feeding. The minimum diversion for participation in the Feed Grain Program will be 20 percent of the feed grain base. Farmers may divert up to 50 percent of their base, or 25 acres, whichever is larger. Other provisions of the Feed Grain Program will be announced later.

In closing, I would like briefly to review trends in feed consumption and in livestock-feed price relationships of the past 10 years. Feed grain use has risen substantially through increases in both domestic use and exports. This gain in use, however, has failed to keep pace with rising yields per acre. Even though acreage has been reduced through the Soil Bank and other Government programs, production has exceeded utilization in 8 of the past 10 years.

From 1954 to 1963, consumption increased at an average annual rate of 4 percent. Domestic consumption, after reaching a record high in 1961-62, has declined slightly, while exports have remained at close to the 1961-62 level. The average yield per acre of feed grains has increased at an annual rate of about 6 percent during the past 10 years. Much of this increase was due to rising yields of corn and sorghum grain. The national average yield per acre this year dropped 7 percent, principally as a result of drouth in the Midwest--the first break in the rise since 1954.

The changing relationship between livestock and feed prices during the past 10 years appears to have been a major factor influencing domestic feed use. The sharp increase in the livestock-feed price ratio from 1954 to 1957, and the favorable relationship which followed, was accompanied by a 25 percent increase in the rate of feeding per animal unit from 1954 to 1961. The number of grain-consuming animal units rose moderately during this period and the total volume of concentrates fed to livestock increased a little more than 30 percent.

The rate of feeding grain and other concentrates to livestock have declined in the past 2 years, following a general upward trend from 1954 to 1961. Feeding rates apparently have been influenced by rising feed costs and declining prices of livestock and livestock products. The decline in the feeding rate apparently has been mainly in reductions in the rate of feeding hogs and beef cattle. The rate of feeding grain and other concentrates to dairy cows continued to increase after 1961-62, reaching a record high in 1963-64.

High-protein feed consumption also appears to have been influenced by rising high-protein feed prices in recent years. Following a general upward trend from 1954 to 1961, the rate of feeding per animal unit has about leveled off during the past 3 years. With larger supplies in prospect for 1964-65, the rate of feeding is expected to resume its' upward trend.

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

1 OUTLOOK FOR FOOD CONSUMPTION AND PRICES 4

Talk by Stephen J. Hiemstra
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 9:30 A.M., Thursday, November 19, 1964

Summary

Food expenditures are increasing sharply this year. They are totaling about \$80 billion, up 5 percent from 1963. The outlook for 1965 is for continued expansion in food expenditures, though at a reduced rate. The increase may more nearly approach the average annual 3 percent rise between 1961 and 1963.

This year's gain in food expenditures is partly due to price increases, partly due to increased population, partly due to larger consumption of food per capita, and partly due to more and higher priced marketing services. Retail food prices so far this year have averaged a little more than 1 percent above the same months of 1963. The population is larger by about 1.4 percent. Per capita food consumption is rising nearly 1 percent this year.

Population is expected to continue growing at about the same rate next year. But retail price increases may be smaller, and per capita food consumption is expected to remain about equal to 1964's high level.

Underpinning the rise in food expenditures is an exceptionally large increase in consumer incomes this year. Disposable personal income is nearly 7 percent above last year (figure 1). Higher wages and profits are the primary stimulants, but part of the increase results from last spring's cut in Federal tax rates. A good share of the increased income is being spent for nondurable goods, the largest component of which is food. The outlook is for a continued advance in incomes and in general economic activity, but gains are not expected to match those of 1964.

Expenditures vs. Income

About $18\frac{1}{2}$ percent of disposable income is being spent for food this year (figure 2). It is a new record low, and a further decline is looked for next year. If food expenditures and incomes rise as anticipated, about 18 percent of income will be spent for food in 1965. The industry campaign of "only 19" will be outdated.

The estimate of $18\frac{1}{2}$ percent of income spent for food this year comes from the Department of Commerce's national income accounting data. Civilian expenditures for food originating on U. S. farms, computed by the Economic Research Service, also are shown in figure 2 as a percentage of disposable income.

The ERS series omits expenditures for fish and other seafoods, imported foods such as coffee and bananas, home-produced foods, and food furnished by the Government to the Armed Forces. The ERS estimate of food expenditures includes items such as meals served in hospitals and on airlines and other food expenditures that are not included with food expenditures in the national income accounts.

Civilian expenditures for U. S. farm food can be broken down into the farm value and the total marketing bill, as shown in the chart. The marketing bill includes all costs and profits associated with processing, distributing, storing, and marketing food from the time it leaves the farm gate as a raw farm product. The chart shows that this component of total expenditures has remained almost constant as a percent of disposable income since 1950. This means that the total marketing bill has risen at almost the same rate as disposable income. In contrast, the farm value is a declining proportion of disposable income. Total dollars of farm value have risen over this period, but not as rapidly as disposable income. Further, all of the decline in total food expenditures appears to have come from the farm value.

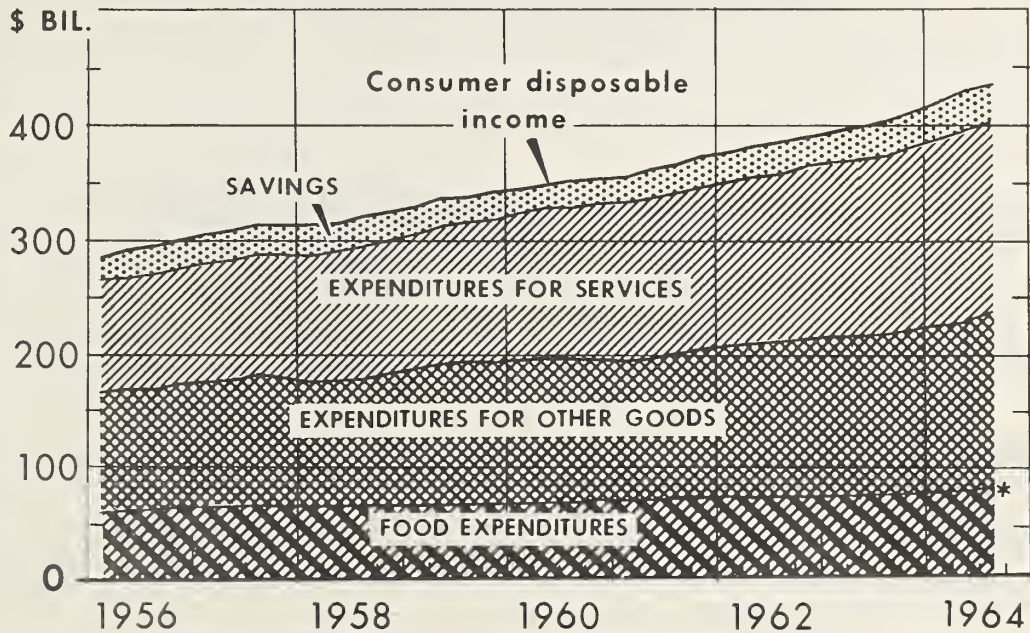
Some confusion has arisen recently regarding the percent of income spent for food. The 1960-61 survey of consumer spending conducted by Bureau of Labor Statistics in 66 cities found that 24.3 percent of total expenditures for current consumption was spent for food. The question then arises as to the difference between this figure and the 18 $\frac{1}{2}$ percent of disposable income mentioned earlier.

Most of the difference is a matter of definition; the rest is due to differences in sampling, measurement, and time period. The largest difference is the base with which food expenditures are compared. The survey data usually show food expenditures as a proportion of current consumption expenditures, which is less than disposable personal income. Uses of income other than for current consumption expenditures include expenditures for personal insurance, gifts and contributions, and savings. In addition, the definition of food expenditure in the survey excludes home-produced food, but Commerce includes it.

When data from the BLS survey are adjusted to the concepts in the national income accounts, the survey estimates food expenditures for urban consumers at 20.8 percent of disposable income for 1960-61. It compares with 19.7 percent of disposable personal income spent for food, using Department of Commerce data for 1960-61. The remaining variance of about 1 percentage point is due to sampling and measurement problems. The survey applied only to consumers; it omitted purchases by institutions.

The survey data are extremely useful in understanding variations in food expenditures among families with different income levels, families of different sizes and with other varying characteristics, and families located in different regions of the country. For example, urban families with incomes more than roughly \$7,500 spent less than average proportions of

INCOME AND EXPENDITURES



SOURCE: U. S. DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

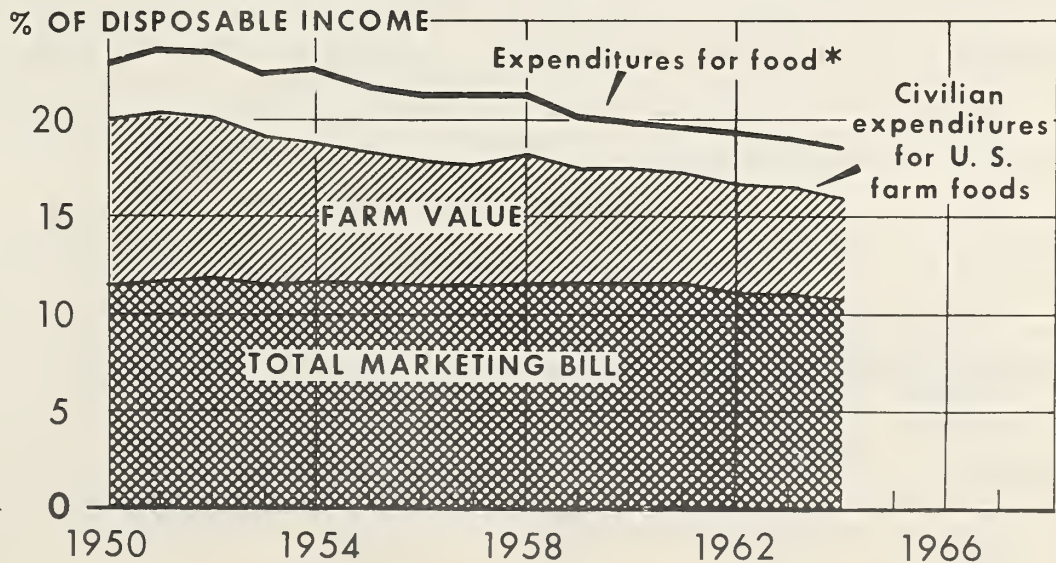
* ESTIMATE FOR 3RD QUARTER 1964 BY ERS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2119-64 (10) ECONOMIC RESEARCH SERVICE

Figure 1

FOOD EXPENDITURES RELATIVE TO INCOME



* PERSONAL CONSUMPTION EXPENDITURES FOR FOOD, LESS ALCOHOLIC BEVERAGES.

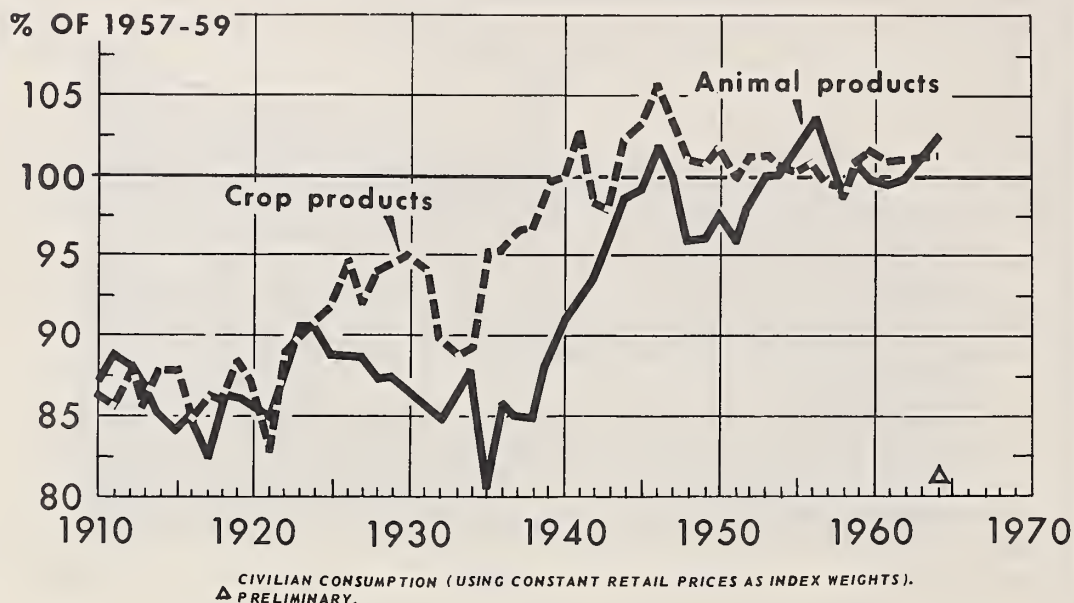
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NEG. ERS 2189-64 (11) ECONOMIC RESEARCH SERVICE

Figure 2

FOOD CONSUMPTION PER CAPITA

Crop and Animal Products

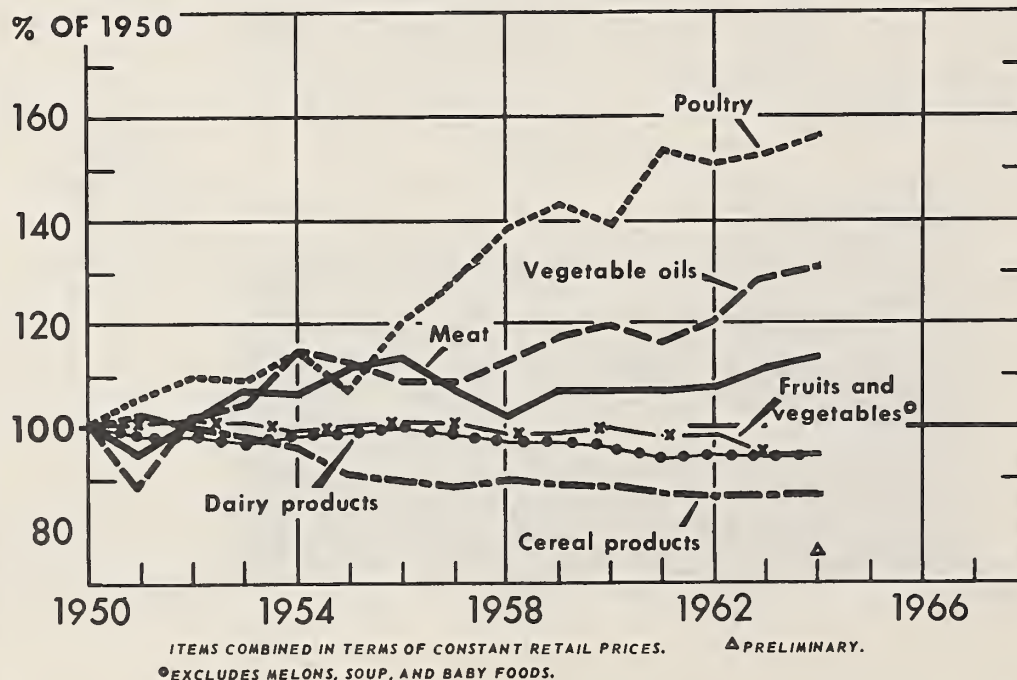


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NEG. ERS 3301-64 (11) ECONOMIC RESEARCH SERVICE

Figure 3

FOOD CONSUMPTION PER CAPITA



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2186X-64 (11) ECONOMIC RESEARCH SERVICE

Figure 4

income for food. Those with incomes below about \$6,000 spent more than average. Urban families with less than \$2,000 annual income spent a third or more of their incomes for food in 1960-61. No marked differences in food expenditures relative to income were found associated with regional variations. Regional expenditures for food varied from 20.0 percent in the South and North Central to 22.2 percent in the Northeast, based on the urban survey for 1960-61.

Food Consumption Per Capita

This year's increase of nearly 1 percent in per capita food consumption is due largely to increased consumption of animal products (figure 3). Large increases in per capita consumption of beef and turkey outweigh small declines for pork and lamb. Consumption of food from crops is increasing only slightly. Gains for fresh fruits, mostly apples and citrus, are nearly offset by declines for potatoes and some other vegetables.

The outlook for 1965 is for per capita consumption to about equal 1964 levels. Some further increases in consumption of beef and perhaps turkey may be about balanced by continuing declines for pork and lamb. On the crop side, the only important change foreseen is a moderate increase in fruit consumption, principally processed fruits. Consumption of citrus next year is expected to rise from depressed levels in both 1963 and 1964 partly due to the Florida citrus freeze about 2 years ago.

The chart shows that a pattern of increasing consumption of animal products and stable consumption of crop products has typified the post-World War II period. Over the past half century, consumption of crop products has increased about the same proportion as consumption of animal products -- roughly 15 to 20 percent. However, note the disparity in historical trends between about 1920 and 1940. During that period, consumption of crop products rose more rapidly than animal products. Per capita consumption of fruits and vegetables rose dramatically during the interwar period. It more than offset declines for cereal products and potatoes. Meat and poultry consumption lagged, though dairy products gained in use. Since 1950, per capita consumption of beef and poultry has been particularly strong, but uses of many dairy products, eggs, and fruits and vegetables have stabilized or tapered off (figure 4).

A close follower of these trends will note some variations from data published previously. We have just revamped the per capita food consumption index so the data that form the basis for this and the previous chart have been revised. Consumption of various items since 1955 are combined using average retail prices in 1957-59. Certain food groups have been recombined into new groupings. For example, food fats and oils have been subdivided into animal fats and vegetable oils. This division enabled presentation of the chart showing consumption of crop and animal products. Other changes included putting processed potatoes with fresh potatoes and separating melons, soups, and baby foods from vegetables. The data now are on a 50-State basis beginning with 1960.

As a result of these and other changes, trends since 1955 have been depressed slightly for meats and for fruits and vegetables but raised for dairy products. The revised data gave relatively more importance in the all-food index to crop products, but animal products still have 55 percent of the index weight. A full explanation of the changes in the consumption data will be made in a revision of Consumption of Food in the United States, 1909-52, Agricultural Handbook No. 62, planned for publication this fall or winter.

Animal Products

A substantial gain of about 10 percent in beef production is leading to an increase of about 6 percent per capita in beef consumption this year, to a total of about 100 pounds per capita (figure 5). Population growth and a cut in imports account for the difference between the production and consumption increases. Retail prices of beef and veal are averaging about 4 percent lower than last year, which implies a further expansion in demand. The outlook for 1965 is for a continued increase in beef consumption but at a reduced rate. Retail prices may again decline.

A small decline in pork production per capita and a sizable decline in lamb production is resulting in higher prices and reduced consumption of these meats this year. Continued declines in production are anticipated for 1965, so further price advances can be expected.

Poultry consumption is continuing upward this year as it has in most years since the late 1940's. Most of this year's increase is in consumption of turkey, which is rising about 7 percent (figure 6). Broiler use continues to gain at the expense of farm chickens. The outlook is for poultry consumption to increase slightly again next year. Egg consumption this year is about equal to last year's average of 315 eggs per capita. Use of shell eggs is down, but offset by increased use of eggs in processed form. Retail prices this year are averaging lower for both poultry and eggs; these trends, at least for turkey and eggs, are expected to continue into 1965.

Per capita consumption of total dairy products is remaining about the same as last year. Nonfat dry milk consumption is rising rather sharply. Low-fat fluid milk and cottage cheese consumption also are increasing (figure 7). By small declines are occurring in per capita consumption of evaporated whole milk and fluid cream. Generally, per capita consumption of solids-not-fat has not declined as much as consumption of milkfat. Retail prices this year are averaging a little higher than last year; for 1965, they may hold about steady.

Per capita consumption of edible animal fats is declining again this year, as a result of a sizable decline in lard consumption (figure 8). Consumption of animal fats has declined about 13 percent since 1957-59. At the same time, per capita consumption of vegetable oils has increased about 17 percent. About a 1-percent increase is taking place this year for edible vegetable oils. Margarine and shortening use are both rising. Consumption of total fats and oils is holding about even at 47 pounds per capita, on a fat content basis.

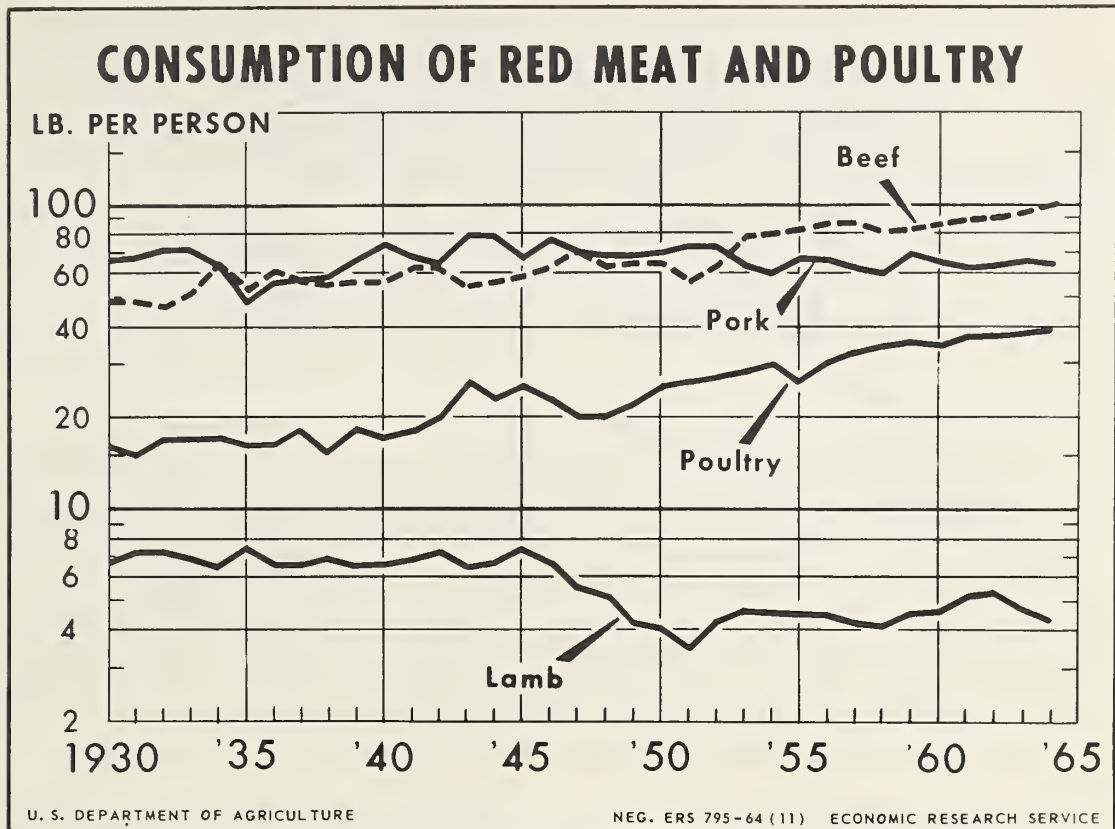


Figure 5

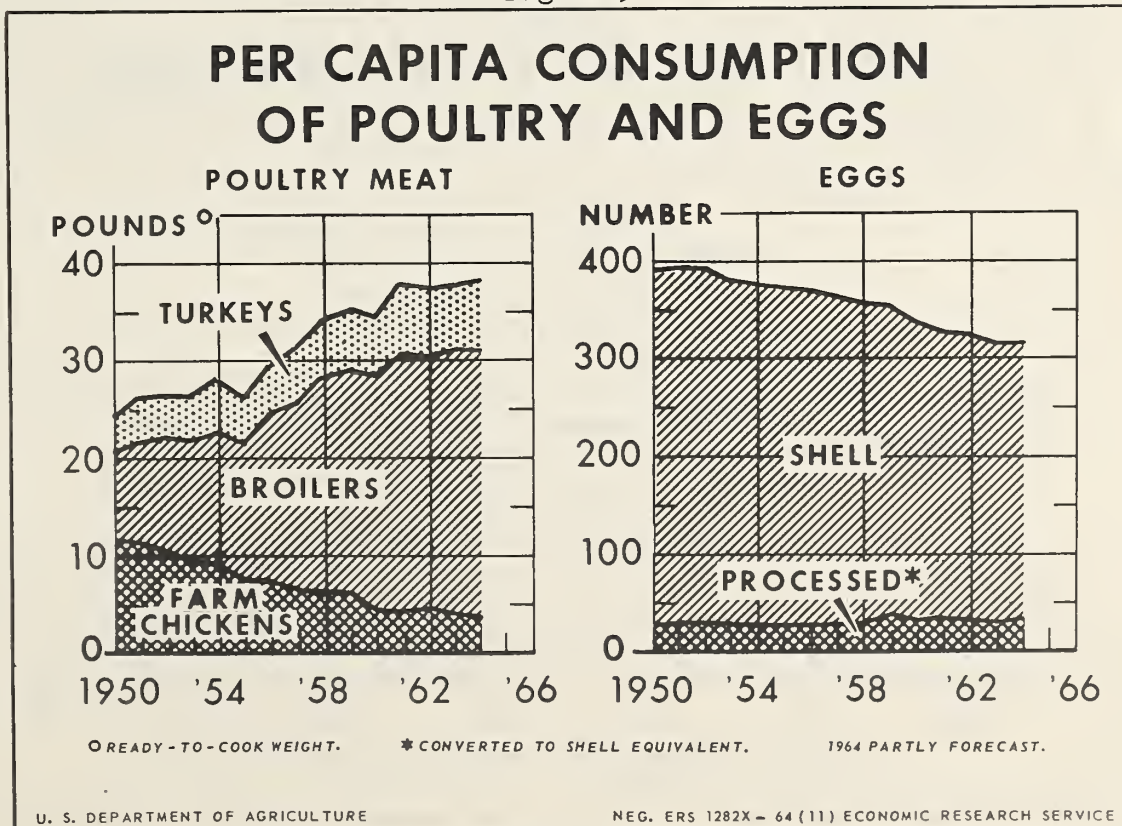


Figure 6

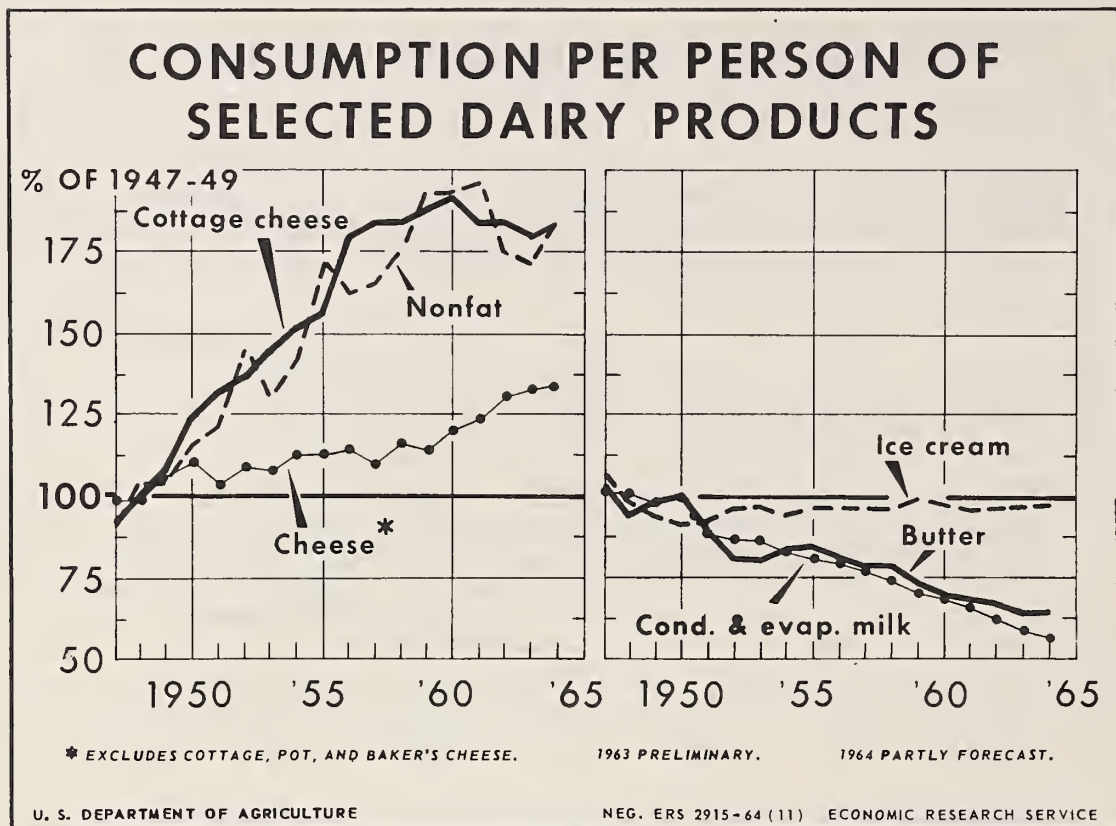


Figure 7

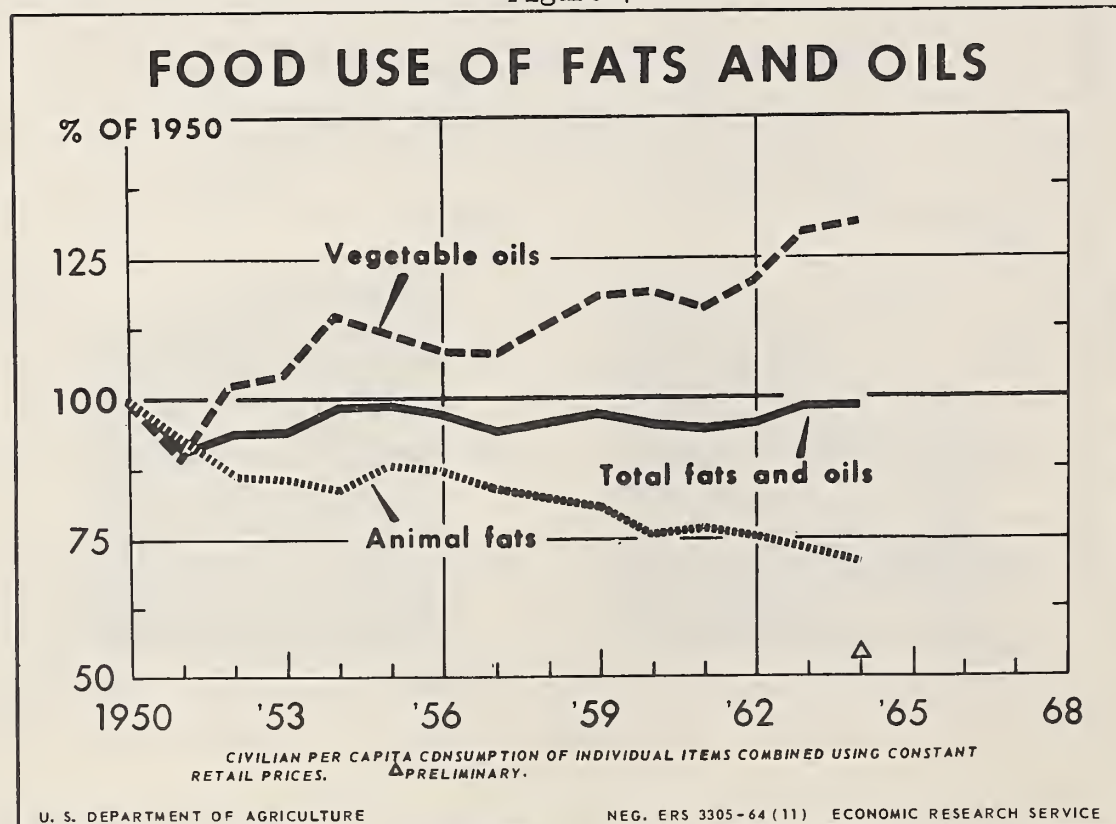


Figure 8

Foods From Crops

Per capita consumption of fruits is rising about 3 percent this year from sharply depressed levels of 1963. The increase is occurring both for citrus and noncitrus fruits (figure 9). Though citrus consumption is rising from last year's low point, total use is remaining well below that of earlier years. Fresh citrus consumption is rising around 4 pounds per capita, but consumption of processed citrus, both canned and frozen, is going below year-earlier levels. The outlook for 1965 is for citrus consumption to recover strongly from low consumption during the last couple years but still not reach the level of earlier years.

Noncitrus fruit consumption also is rising this year (figure 10). The rise is spearheaded by a large gain in apple consumption. As for citrus, the increase is for fresh rather than processed products, which is a switch from the usual pattern. Reduced packs from last year's crop and higher prices have resulted in decreased use of canned deciduous fruits and juices this year. But, consumption of frozen fruits and juices is continuing to rise. This year's pack is larger for many items. Canned peaches and fruit cocktail, for example, are record large. As a result, noncitrus consumption also is expected to rise next year, particularly for processed fruits. The rising retail prices that have characterized both citrus and noncitrus fruits during the past 2 years are expected to give way to price declines in the coming year (figure 11).

Per capita consumption of vegetables is declining about 2 percent this year, to a point 3 percent below the 1957-59 average. Declines this year are occurring for both canned and fresh vegetables, though consumption of frozen vegetables (excluding potatoes) is continuing to rise. Declining per capita use is taking place for tomatoes and tomato products, cabbage, lettuce, carrots, and corn, among others. Retail prices have averaged higher so far this year. Prices are expected to remain above comparable year-earlier levels through the winter, but then decline from this year's highs. Consumption next year is not expected to differ much from 1964.

I'm sure you are all aware that potato prices are sharply higher this year than for many years. Production is down sharply, but since stocks are being depleted and nonfood uses are down, consumption is declining only about 2 pounds per capita. The drop in consumption is in fresh rather than processed use; consumption of frozen french fries, for example, is continuing to rise. Potato production in 1965 is likely to increase, so retail prices are expected to average much lower than this year.

Per capita consumption of total sugars and other sweeteners this year is remaining about the same as last year. However, substitutions are taking place among them as use of corn sugar and sirups continues to gain. Sugar prices began the year much above year-earlier levels, but since then substantial declines have taken place. Retail sugar prices remain above prices in early 1963, but not by much.

Per capita consumption of most cereal and grain products is remaining about stable this year, aside from a slight increase for rice. Wheat flour in all final products may total the same as 1963's 116 pounds and not differ much next year. Some selective price increases have occurred, but average prices of all cereal and bakery products have not increased as much as usual this year.

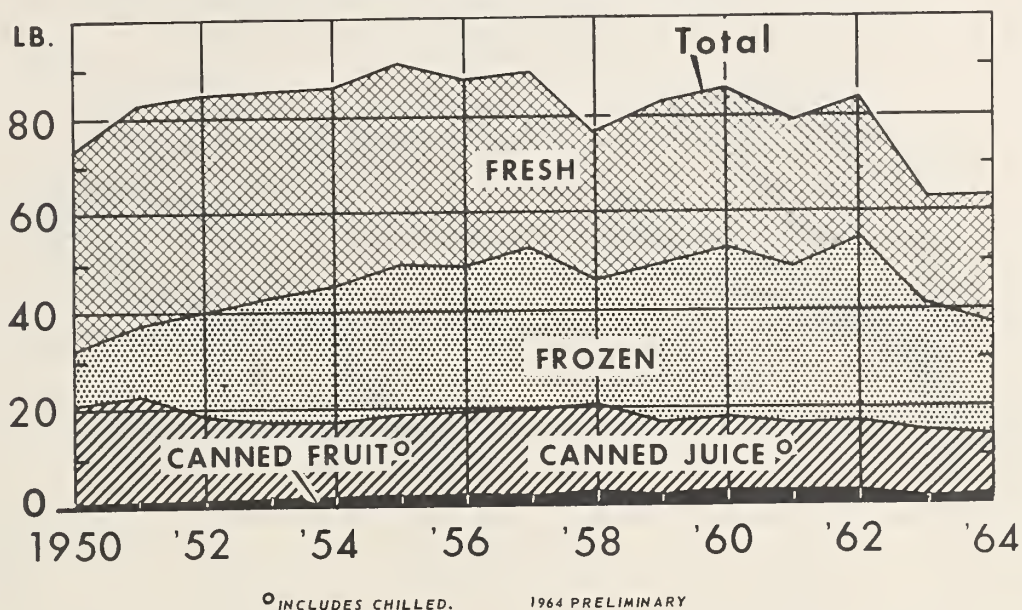
Retail coffee prices rose sharply during the first half of this year in response to rising prices of green coffee beans; the result of anticipated lower production in Brazil. After bean prices receded, retail prices stabilized and some declines took place for instant coffee. For the year, coffee prices are averaging about a fifth above 1963 but consumption per capita is down only slightly. Little change from current levels in prices and consumption is anticipated in 1965.

Retail Food Prices

Retail food prices this year are averaging about 1 percent above 1963, but prices next year may not rise as much as in 1964 (figure 12). The upward pressure on prices of foods from crops that has persisted for the past 2 years likely will not be repeated next year. Increased production of fruits and potatoes are expected to ease prices for these items. And, no repeat of price runups for sugar and coffee are foreseen at this time. Continued large consumption of animal products is expected to maintain average retail prices near current levels. Certain food groups no doubt will continue to experience increasing prices, particularly those with a large proportion of highly processed products such as cereal and bakery products. Also, prices of food purchased and consumed away from home typically rise at about the rate as the all-services component of the Consumer Price Index, as you can see in the chart. As a result, some continued rise in the average retail price of all food is anticipated. But the increase may be less than that of recent years and likely will be less than that of the entire Consumer Price Index.

CITRUS CONSUMPTION PER PERSON

Fresh Equivalent Basis



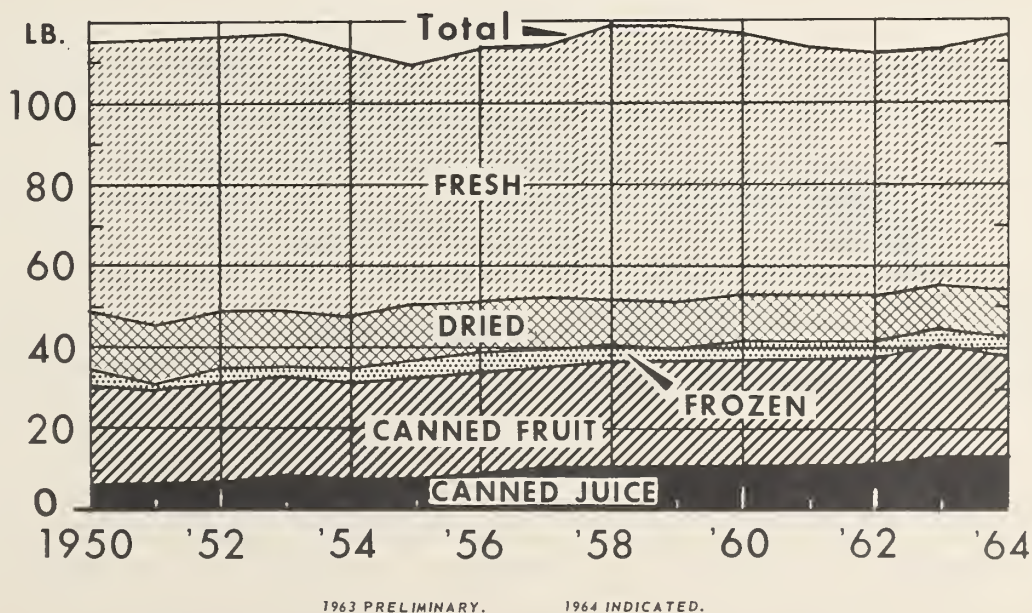
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1318X-64 (11) ECONOMIC RESEARCH SERVICE

Figure 9

NONCITRUS CONSUMPTION PER PERSON

Fresh Equivalent Basis



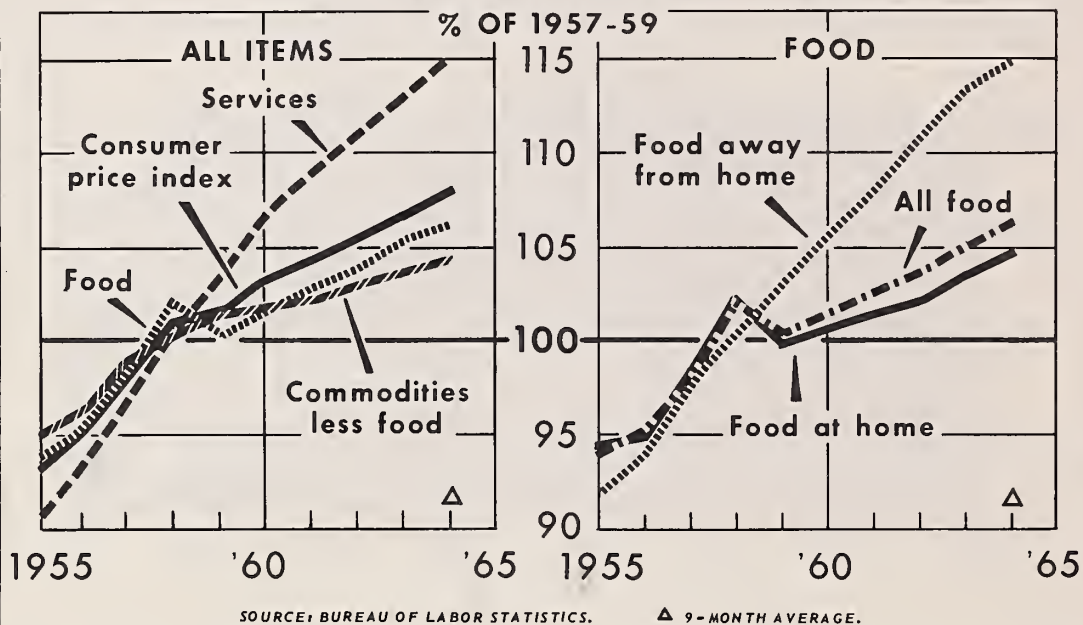
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1317X-64 (11) ECONOMIC RESEARCH SERVICE

Figure 10

CONSUMER PRICES

Urban Wage Earners and Clerical Workers

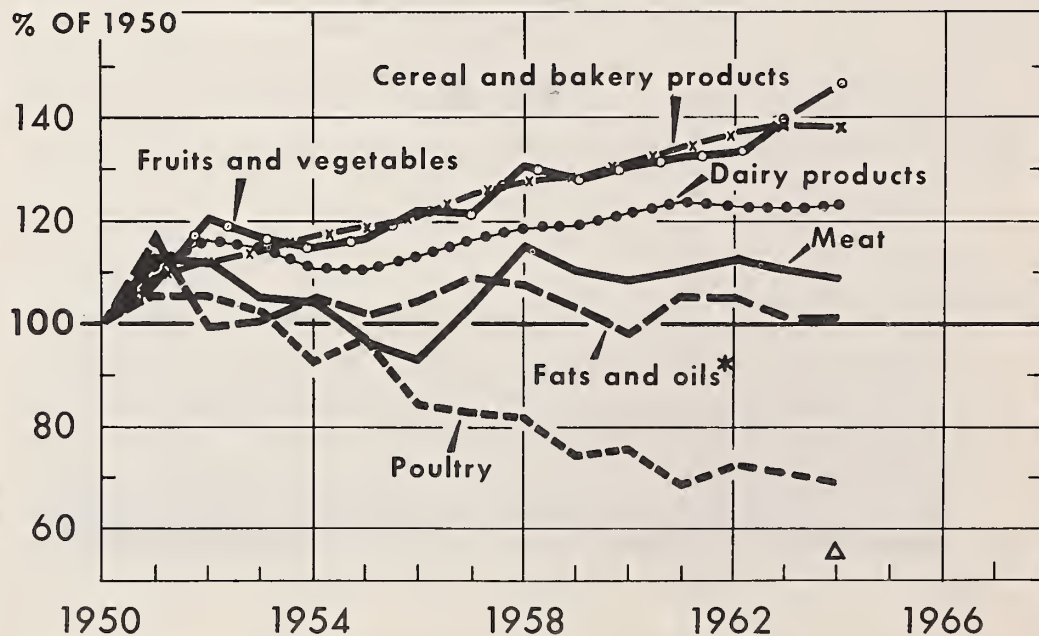


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2923-64 (11) ECONOMIC RESEARCH SERVICE

Figure 11

RETAIL FOOD PRICES



BASED ON DATA OF BUREAU OF LABOR STATISTICS.

*EXCLUDES BUTTER.

Δ 9-MONTH RATE.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2188-64 (11) ECONOMIC RESEARCH SERVICE

Figure 12

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(*-*)

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

THE OUTLOOK FOR FRUITS AND TREE NUTS IN 1965

Talk by Ben H. Pubols

Economic and Statistical Analysis Division

at the 42nd Annual Agricultural Outlook Conference

Washington, D. C., 9:15 A.M., Thursday, November 19, 1964

General Supply and Demand Prospects

Prospective supplies of fresh and processed fruits for the rest of 1964 and the first half of 1965 are substantially larger than in this part of the 1963-64 season. Current indications point to sharp increases in fresh and processed citrus, small to moderate gains in most other classes of fruit, but to some reduction in edible tree nuts. Consumer demand for fresh and processed fruits and nuts in 1965 may be even better than in 1964 because of rising incomes of the increasing population.

Export Prospects

Moderately increased U. S. exports of fruits are expected in 1964-65. Processed fruits probably will account for most of the gain over 1963-64. Favoring increases in 1964-65 are increased supplies of various canned and dried fruits. The 1964 packs of canned peaches and fruit cocktail, 2 of the leading export items, are record large, and marketable supplies of dried prunes and raisins are up significantly. Tree nut exports also may be up, mainly because of the larger 1964 almond crop. Fresh fruit exports may closely approximate the 1963-64 volume.

Citrus Fruit

Prospective 1964-65 citrus production is up sharply from 1963-64, mainly due to rapid recovery of Florida and Texas citrus trees from the freezes of recent years. Oranges and grapefruit will account for most of the increase. Even so, total 1964-65 citrus production will be substantially below the peak reached before the 1962-63 freezes. This peak may again be reached in a few years if growing conditions continue favorable.

The 1964-65 U. S. crop of early, midseason, and Navel oranges is expected to be much larger than the 44.2 million boxes in 1963-64 but still somewhat below the 63.9-million-box average for 1958-62. A large increase in Florida and a small one in Texas much more than offset decreases in other States this year. Although the prospective California crop is moderately below 1963-64, it is considerably above average.

Early season prospects for Florida Valencia oranges point to a crop well above 1963-64 but somewhat below average. Hence, total production of Florida oranges is expected to be up sharply this season. More tangerines, but fewer tangelos, are expected in Florida this season than in 1963-64. The first forecast of the California Valencia crop will be released December 10 in the crop report.

The 1964-65 grapefruit crop (excluding California's "other areas") is expected to be about a fourth above 1963-64 and a little above average. In Florida, the prospective crops of all varietal groups -- white seedless, pink seedless, and other (seeded) grapefruit -- are up significantly from last year. Although most of the gain is in Florida, there also is a substantial increase this year over last in Texas.

Fresh market movement of the 1964-65 Florida citrus crop was late in starting, and by early November it was still increasing. Both quantities marketed fresh and for processing are expected to be substantially larger than in 1963-64. Moreover, Texas is expected to ship more fresh citrus over a greater area than last season.

Season-opening prices for Florida citrus fruit at shipping points and on the terminal auctions have averaged much higher than last year. Although prices declined as usual with increasing shipments, the season had not advanced sufficiently by early November for prices to become stabilized. The usual strong pre-Christmas demand for fresh citrus and the condition of relatively light packers' stocks of processed items are forces that will help sustain prices this fall. Price prospects after January 1 for the expected larger volume remaining to be marketed are not so favorable as a year ago.

Sharply increased output of principal processed citrus items is expected in 1964-65. In early November, Florida packers' stocks of frozen orange concentrate and most other processed items were much below a year earlier. The 1963-64 Florida pack of frozen orange concentrate was about 53.7 million gallons, only 4 percent above the relatively light 1962-63 pack.

Deciduous Fruit

Total production of deciduous and other noncitrus fruits is expected to trend slowly upward over the next few years, due mainly to increased bearing acreage, improved varieties, and better cultural methods. But production in 1965 may not equal the record 1964 crop, for which weather and other growing and harvesting conditions were generally favorable. As a principal exception, peach production may be up. Even though most other major fruit crops may not match the large 1964 output, they still might be larger than usual.

U. S. noncitrus fruit production in 1964 was about 7 percent above the record 1963 crop and 13 percent above the 1958-62 average. All principal 1964 fruit crops were above 1963 except grapes, which were down 8 percent from the record 1963 tonnage, and all were above average except peaches, which were down only 1 percent. Increases in 1964 over 1963 were unusually large for pears and cherries, and the apple crop was the largest since 1937. Records were set for sour cherries, fresh plums, California clingstone peaches, and nectarines.

Year-end cold storage stocks of fresh apples, pears, and grapes are expected to be somewhat larger than on January 1, 1964. Quality and color of apples at harvesttime were reported good to excellent in many of the principal apple growing areas. But size of apples did not reach expectations in some States because of late summer dry weather. California Emperor grapes, the principal variety stored, were harvested under more favorable conditions this year than last, when harvest was hampered and storage was curtailed by rainy weather.

Both fresh market shipments and processors usage of the increased 1964 deciduous crops have been heavy. Processing accounted for much of the increase in production. Grower prices for some of the larger 1964 crops, both for fresh use and processing, averaged below 1963 levels. Peaches and apricots were important exceptions.

Substantially increased output of processed deciduous fruits has resulted from the larger 1964 crop. The new pack of canned fruits, still under way, may set a record of more than 15 percent above the 1963-64 pack. The 1964-65 packs of peaches and fruit cocktail are record large and various other items are up sharply.

Output of frozen deciduous fruits and berries also is expected to be up considerably. The pack of red tart cherries is more than twice the light 1963 pack and somewhat above the previous record in 1961. The pack of frozen strawberries, still underway, is expected to be up substantially.

Dried prune production is up about a fifth and supplies of marketable raisins may be larger than in 1963-64, when supplies suitable for food use were curtailed by rain damage.

Edible Tree Nuts

Total production of the 4 edible tree nuts (almonds, filberts, pecans, and walnuts) probably will be somewhat larger in 1965 than in 1964 if the weather is average. The increase would be in pecans, of which production was down sharply in 1964, mainly due to unfavorable weather and the fact that trees produced a record crop in 1963. Production of almonds, filberts, and walnuts was up in 1964. But the 1964 total of the 4 nuts was a third below the 1963 record and slightly above average. Prices in 1964-65 are expected to be up for pecans and largely unchanged for other tree nuts.

Imports of foreign-type tree nuts, especially cashews and Brazil nuts, are expected to be somewhat smaller in 1964-65 than in 1963-64, because of reduced supplies and higher prices in exporting countries. But U. S. exports of almonds may be up.

[71-19]

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UNITED STATES DEPARTMENT OF AGRICULTURE

X OUTLOOK FOR HOUSEHOLD EQUIPMENT IN 1965 X

Talk by Ethel D. Hoover
U.S. Department of Labor
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 1:30 P.M., Wednesday, November 18, 1964

For household equipment, the current year has been one of high production, high consumer spending, and not too much change in prices on the average.

The outlook for 1965 is optimistic, in that the current levels are expected to be sustained in most home goods lines.

Demand and Supply

The supply of household goods which will be available in 1965 should be ample, to say the least, if trade reports of plans and projects are any indication. Currently, production is at an all-time high in many lines. In table 1, I have shown the indexes of production of the various kinds of home goods for a series of years. In the 6 years ending in 1963, production had increased by more than 30 percent, with all major categories showing a like increase, except for TV and radios. For these two, the efforts that are being made to maintain and increase sales to consumers demonstrate an adjustment to a market depending to a growing extent on replacements or additional units, in contrast to the wide open post-war market for goods unavailable during the war or practically unknown before the war. In January of this year, it was estimated that 72 percent of television sales during 1963 were replacements. ^{1/} It is really difficult at the present time to realize that television was a curiosity at the New York World's Fair in 1938-39, and was introduced into the market for home use less than 20 years ago.

The high level of production of home goods in the latter part of 1963 was surpassed in the early part of 1964, and people in the trade are optimistic

^{1/} Electrical Merchandising, January 20, 1964, p. 89.

that production will continue upward during 1965. This optimism was given concrete form at the recent furniture market in the Thomasville-High Point area. Orders placed by large and small furniture and department stores were heavy in anticipation of "brisk business" in the early part of 1965.

Consumer buying, of course, holds the key to whether home equipment sales in 1965 will continue at the high level of 1964. According to a mid-year Census Bureau survey of consumers' buying intentions, plans to purchase any of seven major appliances during the latter part of 1964 were somewhat more prevalent than a year earlier--17 percent of consumers planned to buy them this year as compared with 16 percent a year ago.

In table 2, I have indicated the prevalence of specific appliances in our homes on January 1, 1964. (Similar figures for past years are available from earlier issues of the publication cited. These figures show growth over the years, but they are not comparable with the 1964 data.) Practically all homes in which electricity is available have a mechanical refrigerator and most of them have electric irons (a large portion are the steam and steam-spray iron), radios and television. Two-thirds to three-quarters have electric washers, vacuum cleaners, toasters, mixers, and coffee-makers. The list of these important appliances and the numerous others owned and used by a significant proportion of families illustrates in a convincing way the standards of comfort and convenience that we take for granted in our homes. Even relatively new equipment, such as food waste disposers, room air conditioners, and dishwashers show up in 9 or more percent of wired homes.

Trends in Prices of Household Equipment

"Housefurnishings" is one of the few component subgroups of the Consumer Price Index that is currently below the price level of 7 years ago--almost 2 percent below the level of the average for the three years from 1957 to 1959. Over this period, prices for the combination of all the goods and services bought by families of moderate income increased about 8 percent, with changes for the major groups ranging from an increase of 5 percent for apparel and apparel upkeep to an advance of almost 14 percent for health and recreational goods and services.

Throughout the seven-year period, prices for all "housefurnishings" combined have fluctuated within a very narrow band--from 1 percent above the 3-year average to 2 percent below. Since the early part of 1960, the general trend has been slowly downward, in contrast with most other index items, as shown in Chart 1. The major influence in the downward drift in

prices of housefurnishings since 1960 is immediately apparent from Chart 2-- retail prices for appliances have been dropping steadily. The reductions for appliances during the past 5 years averaged almost 10 percent, continuing the down trend that began in mid-1951. Furniture and bedding is up about 2 percent over the 1957-59 average, the textile items (such as sheets, blankets, etc.) are also up about 2 percent, and floor coverings up about 4 percent.

In Chart 3 and table 3, I have shown the retail price indexes for a few selected items. You will note the somewhat greater similarity in price changes among appliances during the past year than for the other categories. All of the appliances except radios have declined--by amounts ranging from about 1/2 percent for toasters and washing machines to as much as 2 percent for vacuum cleaners. In floor coverings, however, the wool items have increased materially--more than 5 percent for the year, responding to higher prices for carpet wools. On the other hand, nylon carpets were about 5 percent lower than the year earlier. In furniture and bedding, the increases for furniture were moderate--all less than one percent during the year--while sofa beds and mattresses have shown price declines of 1 to 1½ percent.

If I have interpreted trade comment correctly, there does not seem to be any expectation of general pattern of price increase or decrease among the various items of household goods in 1965. For household appliances and home electronic equipment, production is expected to continue upward and sales expectations are for a third "banner year." Thus the competition for the consumer's dollar that we have now seen for some years will likely continue into 1965, but major price drops are not foreseen. In fact, a synthesis of opinions indicate that expected decreases for some items may be offset to some extent by a few increases to yield only a moderate decrease for appliances during the next year--probably less than the 1½ percent we had during the past year.

For wood and upholstered furniture, 1964 has also been what has been termed a "banner year" in sales. For the first 9 months in 1964, the industry's shipments were reported to be about 14 percent above those in the same period of 1963. The outlook for sales is optimistic. But, furniture prices are expected to be higher in 1965 by fairly moderate amounts, although a few opinions are that if retail prices are adjusted to reflect higher materials and labor costs, the increase could average a high as 3 to 5 percent. With the current demand for higher quality merchandise, it is quite likely that higher price tags on furniture as well as on other items will be due in part to better quality. Expected price hikes for tickings between now and the January 1965 markets may show up in higher retail prices

for bedding next year, although here too any price increases are expected to be moderate. In the floor covering field, the decline in wool consumption is expected to continue into 1965 with a consequent heavier demand for the man-made fibers. So far as I was able to determine, little change in prices of floor coverings are expected except for vinyl asbestos floor tile for which several producers have already announced higher prices effective January 1 (a partial restoration of an earlier price cut).

Product Developments

It becomes increasingly difficult each year to keep completely informed on the many changes, improvements, and innovations made for household equipment. The current and future developments that seemed to me to be of particular interest to consumers generally center around styling and use of materials, size trends, flexibility in use or greater convenience, and an increasing application of space age technology to consumer goods. These points are touched on in reviewing some of the developments for important individual items of household equipment.

Furniture

The wide choice of styles and sizes of furniture of all kinds continues of dominant interest, with high popularity of provincial and early American, sprinkled this year with designs influenced by Japanese and other oriental styles. The consumer will find a wide variety of choice in styles, sizes, types of fabrics, in the attempt to meet the continued demand for the higher quality lines. She will also find some innovations through inclusion of "built-in" features. Such features include a number of useful devices like concealed lighting, electrical outlets, plastic shelf surfacing, tie racks, and clothes hangers. Some pieces are more highly "engineered" to include electrical appliances, e.g., a compact refrigerator is concealed in one French style armoire. Some of these innovations seemed to me to carry a good idea rather far. For example, one bed headboard has a clock radio in the center, flanked by upholstered sections which adjust to serve as back and arm rests. As the arm rests come down, a high intensity lamp is activated for reading. From your viewpoint, I think the important point to emphasize is whether the family (particularly the newly married) is justified in drawing up its long term budget to include obvious current novelties, not only in furniture but also in other household equipment.

One current development in the stepped up production of furniture is expected to result in some changes in the use of woods during the next few years. Walnut has been the most popular wood for U.S. furniture and

at present consumption is outstripping the new growth of walnut trees. To stretch the present supply, and to provide time for a planned program of conservation and replanting to be effective, the U.S. Commerce Department revised the standard on the thickness of walnut veneer from 1/28-inch to 1/36-inch. Reaction among furniture producers is mixed, but more firms appear to be accepting the thinner veneers. In addition, efforts are being made to step up the development of artificial finishes and to improve those now being used, (such as embossed plastics with depressions that resemble wood pores and engraved finishes that involve photographing the desired veneer and printing it on the base wood). The reactions to these finishes are also mixed, with some producers discussing the possibilities of improved design and durability and others expressing fears that the consumer may get inferior furniture.

In considering the wide variety of fabrics now available to the consumer in upholstered goods, I was reminded of something I said to this group several years ago about textiles. At that time, the actual performance of "wash and wear" fabrics, when contrasted with the claims being made for them, left consumers disappointed when they found that the wash and wear finish did not always survive repeated washings, or that the words "wash and wear" did not necessarily mean that no ironing was needed. Currently, the promotion of soil and stain repellent finishes is repeating this history. Such finishes are good and are useful to the consumer but claims of magical performance are likely to lead to dissatisfaction rather than a recognition of their advantages. One trade columnist warned that consumers should be told the facts and not given the impression that these finishes "will put the coke stain back in the bottle, the catsup back on the hamburger and the mustard back in the hot dog roll." 2/

Floor Coverings

Tufted floor covering continues to dominate the soft goods area, with those made of the various man-made fibers or blends of wool and man-mades increasingly displacing pure wool carpets. This trend has been evident for some years and was accelerated to some extent by the unsettled world wool market in 1964. At the present time, carpets of man-made fibers are considered by many consumers to be equal to wools in ease of maintenance, durability and styling.

2/ Housefurnishings Daily, October 28, 1964, p.2.

For hard surface floor coverings, the major development of interest is the rapid rise in the popularity of vinyl asbestos tile. Lower in price than vinyl tile and more durable than and easier to maintain than asphalt tile, vinyl asbestos is now available in a large variety of styles and color ranges, including the rock tone and glitter effects. Since it is easy to install, and available in several sizes including 12" by 12" squares, many do-it-yourself addicts have begun using it for recreation rooms and similar applications. The extent of choice of colors, textures, and special effects available for hard surface floor coverings generally has tended to increase their use in new home construction. The impact of Mediterranean style furniture has also helped the trend to hard surface coverings, since an imitation marble or terazzo surface provides a stylish setting for Spanish or Italian type furniture.

Appliances

The popularity of built-in cooking ranges is of particular interest. From representing about 1/8 of all electric ranges sold in 1955, they accounted for 1/3 in 1957, and more than 40 percent in 1963. Although I do not have any recent sales figures by type, reports indicate that the peak of popularity may have been reached for the time being. Instead we find more emphasis on free standing ranges that look like built-ins. Most of the 1965 lines contain at least one model with the high oven, recessed cooking surface, etc. The placement of burners in an L-shaped design to eliminate reaching over one burner to use another is also featured in some lines. Slow baking is also offered in the 1965 models, with the oven automatically changing from high to very low heats to achieve the slow cooking or warming temperatures.

The high oven concept is expected to boost development of the electronic range. Models are now being offered in limited numbers that have an infra-red type oven for fast cooking and the conventional type oven for browning and other types of cooking not possible with the infra-red one. Prices of these models are quite high--around \$800. A new type of microwave device has recently been announced which is expected to have a considerable cost-advantage over the old. This may mean that electronic ovens will be able to compete pricewise with regular ovens in the near future.

A definite advance in recent years in the kitchen range is easy cleaning. Most lines this year include models equipped with pull-out liners (with or without teflon coatings) or with super-heat devices. The liners and coatings materially reduce the work of a most undesirable but necessary chore, while the superheat device makes it practically painless--turn a dial, press a button and throw a switch.

A recent newspaper report of a new appliance 3/--a programmed cooker--makes the reader envision a Rube Goldberg contraption. If it gets past the experiment and testing stage, it would undoubtedly be hailed as another boon to the busy housewife. This appliance is being thought of as one that can be programmed to cook the entire week's meals automatically. The main unit is a large freezer with various compartments--meat in one, potatoes in another, pastries in another, etc. The housewife would then push appropriate buttons to give the cooker instructions for the desired program of meals. At the proper cooking interval before a meal is required, the meat slides out of its compartment on to a conveyor belt, thence to an electronic oven. Potatoes, vegetables, pastries, etc., each follow the same procedure and by mealtime the dinner is on the table, piping hot and cooked to the housewife's instructions.

And speaking of cooking equipment, one thing new in outdoor cooking is a line of gas-fired outdoor grills recently demonstrated by the American Gas Association. They are not low-priced--ranging from \$50 to about \$200--and undoubtedly there will be installation problems, if they become popular.

For refrigerators and refrigerator-freezers, a uniform method of measuring size is in the offing. A new standard method of size measurement was developed for the industry under the sponsorship of National Electrical Manufacturers Association and recently issued for use. Naturally, not all producers agreed on the merits of all points in the standard, and so far as we know now, size designations for 1965 models may not all conform with it. When these differences of opinion are ironed out, consumers will be able to compare differences in size among various models offered and to judge the size needed better than at present.

Two major developments in the last several years are worth mentioning because of their importance in 1965 models. One is the use of new types of insulation, chiefly urethane foam, which allows for increased interior capacity without increasing exterior dimensions. The other development is the no-frost types which does away with another kitchen chore. The no-frost type is common this year and other types of defrost are fast losing their importance. I understand that one manufacturer has made all models offered this year in the no-frost type. Also there have been some reports that improvements have reduced the cost of operation to some extent.

Because of the large number of families owning separate freezers, we now have some promotional efforts to sell "all" refrigerators. These refrigerators bring us full cycle back to early models but modified by interim

3/ Washington News, November 4, 1964.

developments in design and engineering. The "all" refrigerators are only 5 percent freezer, that is just enough room for the ice trays and a half gallon of ice cream.

A new design in refrigerators appeared this year which is also somewhat reminiscent of an earlier day. A new "break-front" refrigerator has been introduced by one company that has the refrigerator on top and a work counter above a sizeable roll-out freezer. It reminds this old-timer of a glorified kitchen cabinet--a most useful piece of kitchen furniture. This unusual design with its attendant "extras" is the subject of some discussion in the trade press.

Work on refrigerators using the thermocouple principle has continued in the past several years and a small refrigerator has been introduced into the market. So far, these small boxes (about 3 cu. ft.) are primarily special purpose rather than for general home use, (e.g., in executive office suites, hotels and motel rooms, and vacation cottages). It is expected that larger models will appear within the next few years.

For laundry equipment the emphasis is on size. The 8-10 pound automatic washer of several years ago has diminished in importance in the eyes of the maker, if not all consumers. One survey indicated that the average load washed by the average housewife is less than 8 pounds. ^{4/} Other surveys disagree with this finding so that the picture on size needs is not entirely clear. ^{5/} The 1965 model lines include 14-pound, and 15-pound washers. This size race has raised a number of questions--and one of considerable importance is the standard by which capacity is measured, by dry wash poundage, by water use in gallonage or by some other means. At present, there is no yardstick to back up the capacity claims. I understand that producers through the American Home Laundry Producers Association are now considering tackling the problem of measuring washer performance, which hopefully will include measures of capacity so the consumer will not be left in a state of confusion.

Some of the new model washers are being advertised as capable of handling any load from 2 pounds to 14 or 15 pounds, with the machine adjusting water levels and washing times automatically to the load level. The problem of unbalanced loads has also received attention. Some washers are said to automatically balance while others signal by light or buzzer when the load becomes unbalanced.

Vacuum cleaners are becoming more specialized as it becomes more common for the housewife to have at least two vacuum cleaners. The canister type continues its past popularity with the more recent changes tending to make it increasingly compact--even to the extent of internal caddies for the attachments.

^{4/} Electrical Merchandising, July 13, 1964, p. 7.

^{5/} Electrical Merchandising, August 17, 1964, p. 34.

Newest type cleaners are the light-weight uprights--a combination of features of the old heavier weight uprights and the more recent "electronic" broom. They weigh between 5 and 7 pounds and combine the brush action of the upright with the suction and convenience of the broom type.

Consumer complaints on labeling of horsepower and/or wattage of vacuum cleaners has been receiving some attention during the past year. Consumers were unable to tell whether one unit was more powerful than another because horsepower ratings were not determined by a uniform measuring method. The National Electrical Manufacturers Association adopted a standard based on British thermal unit ratings and the Better Business Bureau has recommended that the Vacuum Cleaner Manufacturers Association establish similar standards.

(Floor polishers and scrubbers are also becoming more common in the home. Most models have special features such as built-in dispensers and special brush guards for shampooing rugs.)

Color television is expected to continue to be the big growth area, with sales predictions for next year as much as 55 percent over this year's record. The big price breakthrough in color TV had not yet materialized, but mass production economies have allowed some substantial price cuts and the new lower voltage tubes soon to be introduced are likely to lead to further price cuts. Present predictions are that in another two years, all color sets will have square tubes in 25-inch, 23-inch, and 19-inch sizes instead of the current 21-inch round tube. (Recently the Federal Trade Commission reopened the method of designating screen sizes on all television sets. The common practice since 1956 has been to measure picture tube sizes on the diagonal from corner to corner on the face of the tube. This measurement includes not only the viewable picture area, but also the edge of the glass and adds about an inch to the picture tube designations. FTC claims that this is misleading and if its proposal is adopted, the size of picture tubes will "shrink." Industry spokesmen state that consumers know the relation between the different size sets and that complaints from the public have not been received.)

One other trend is evident in TV--that is the trend toward miniaturization. "Tinyvision" is very big--the threat from Japanese

imports has been met by the domestic manufacturers with 11-inch and 10-inch lightweight sets selling in the \$100 range. Smaller size sets are expected to be available in the popular price range in the next year, with the possibility that personal size sets with 4- or 5-inch screens may become as common as transistor radios.

Improvements in picture clarity, color purity, sound fidelity and automatic features continue to be made as in the past.

In the small appliance field the appearance of some new items or new variations of old items continues to be of interest, but the development that is the subject of much current research is that of portability. Many cordless appliances are now on the market. A recent pamphlet 6/ mentioned almost 400 different cordless items being produced currently. Topping the list in number of times mentioned were radios and flashlights of various kinds, followed by hearing aids, clocks, toys, tape recorders, portable TVs, cameras, tooth brushes, drills, shavers, etc. Other consumer goods mentioned ranged over a wide list of items which appear to offer a considerable potential advantage over the cord devices (e.g. hedge trimmers, hand vacuum cleaners, etc.) while others can only be considered novelties or of fairly limited usefulness (e.g. back scratchers, electric socks). Continued research in the rise of energy cells, solar cells and other power devices will undoubtedly result in freeing additional equipment from the trailing cord.

* * * * *

These few observations do not begin to exhaust the recent developments that have occurred in home equipment or that are now in the drawing board or testing stages. Many of them will go beyond easy understanding of engineering principles and simple description. The technology of the space age with its computer science, miniaturization through solid state devices that eliminate moving parts, as well as some of the practically indestructible materials will undoubtedly have a major effect on development of household goods during the coming years. It would be virtually impossible to do more than spin dreams of what our home equipment will be in future years.

6/ Product Listing: New World of Portable Power, issued by Union Carbide Corporation, March 2, 1964.

Table 1. Indexes of Production of Consumer Household Goods, 1954-1964
(1957-59=100)

<u>Year</u>	<u>Home Goods Total</u>	<u>Appliances</u>	<u>TV and Home Radios</u>	<u>Furniture and Rugs</u>	<u>Miscellaneous Home Goods</u>
1954	86.0	79.9	109.2	82.9	86.8
1955	97.3	93.2	118.7	94.6	96.4
1956	100.9	103.8	114.5	95.6	98.5
1957	96.6	94.6	105.2	94.7	97.2
1958	92.8	93.2	87.6	93.0	93.9
1959	110.7	112.3	107.4	112.3	108.4
1960	110.8	111.5	101.2	111.9	112.2
1961	112.2	110.6	107.8	112.8	114.5
1962	122.2	121.4	109.2	123.9	125.7
1963	129.6	130.6	109.5	131.3	133.6
1964 ^{1/}					
Jan	134.8	130.7	118.6	136.1	142.3
Feb	137.3	135.3	120.3	138.1	143.7
Mar	136.4	132.9	116.9	139.0	143.5
Apr	137.7	134.7	119.5	139.7	144.2
May	136.9	139.4	102.4	141.0	142.1
Jun	137.6	136.9	114.3	141.9	141.9
Jul	138.8	n/a	117.5	144.7	144.1

^{1/} Seasonally adjusted data.

Source: Data published by the Board of Governors of the Federal Reserve System.

Table 2. Proportion of Wired Homes Having Selected Electrical Appliances, January 1, 1964

<u>Major Appliances</u>	<u>Percent</u>
Refrigerators	98.3
Vacuum cleaners	79.5
Washers	78.1
Electric ranges:	
Free standing	29.7
Built-in	9.6
Dryers (electric and gas)	22.5
Freezers	22.4
Air conditioners (room)	15.4
Food waste disposers	11.4
Dishwashers	9.0
Dehumidifiers	4.7
<u>Radio and Television</u>	
Radio	93.8
Television	93.4
<u>Small Appliances</u>	
Irons, total	97.4
Standard	n/a
Steam (inch, steam and spray)	70.6
Toasters	79.9
Mixers	68.3
Coffeemakers	65.5
Frypan skillets	44.9
Sandwich-waffler	34.5
Electric blankets	29.6
Hotplates	22.4
Can openers	15.0
Blenders	9.9

Source: McGraw-Hill Publishing Co., Inc.: Electrical Merchandising, January 20, 1964 (p. 72)

Table 3. Consumer Price Indexes for Selected Housefurnishings ^{1/}
(1957-59=100)

Item	Indexes			Percent change		
	June 1957	June 1963	June 1964	June 1957 to June 1964	June 1957 to June 1963	June 1963 to June 1964
CPI - All items	98.0	106.6	108.2	10.4	8.8	1.5
<u>Housefurnishings</u>	100.0	98.5	99.0	-1.0	-1.5	.5
<u>Floor coverings</u>						
Rugs, wool Axminster	101.1	103.1	108.9	7.7	2.0	5.6
Carpets, wool broadloom	98.6	98.4	103.5	5.0	-.2	5.2
Carpets, nylon broadloom	103.6	90.3	85.7	-17.3	-12.8	-5.1
Vinyl	99.4	103.1	103.6	4.2	3.7	.5
<u>Furniture and bedding</u>						
Living room suites	99.6	102.9	103.7	4.1	3.3	.8
Dinette sets	98.9	105.0	105.4	6.6	6.2	.4
Bedroom suites	103.2	99.4	100.2	2.9	-3.7	.8
Sofa beds	101.2	102.5	101.1	-.1	1.3	-1.4
Mattresses	99.9	100.0	99.1	-.8	.1	-.9
<u>Appliances</u>						
Sewing machines	97.7	95.7	94.6	-3.2	-2.0	-1.1
Washing machines	100.9	89.6	89.0	-11.8	-11.2	-.7
Vacuum cleaners	107.8	83.5	80.1	-25.7	-22.5	-4.1
Refrigerators	102.0	90.7	88.7	-13.0	-11.1	-2.2
Ranges	101.7	95.7	94.4	-7.2	-5.9	-1.4
Toasters	110.6	93.8	93.2	-15.7	-15.2	-.6
Television sets ^{2/}	98.1	92.1	90.8	-7.4	-6.1	-1.4
Radios, table ^{2/}	102.6	90.1	90.8	-11.5	-12.2	.8
<u>Textile Housefurnishings</u>	100.7	101.9	102.2	1.5	1.2	.3

^{1/} Old series

^{2/} Included in the indexes for "appliances" but not for "housefurnishings."

Source: U.S. Department of Labor, Bureau of Labor Statistics

Chart 1. Consumer Price Index All Items and Housefurnishings

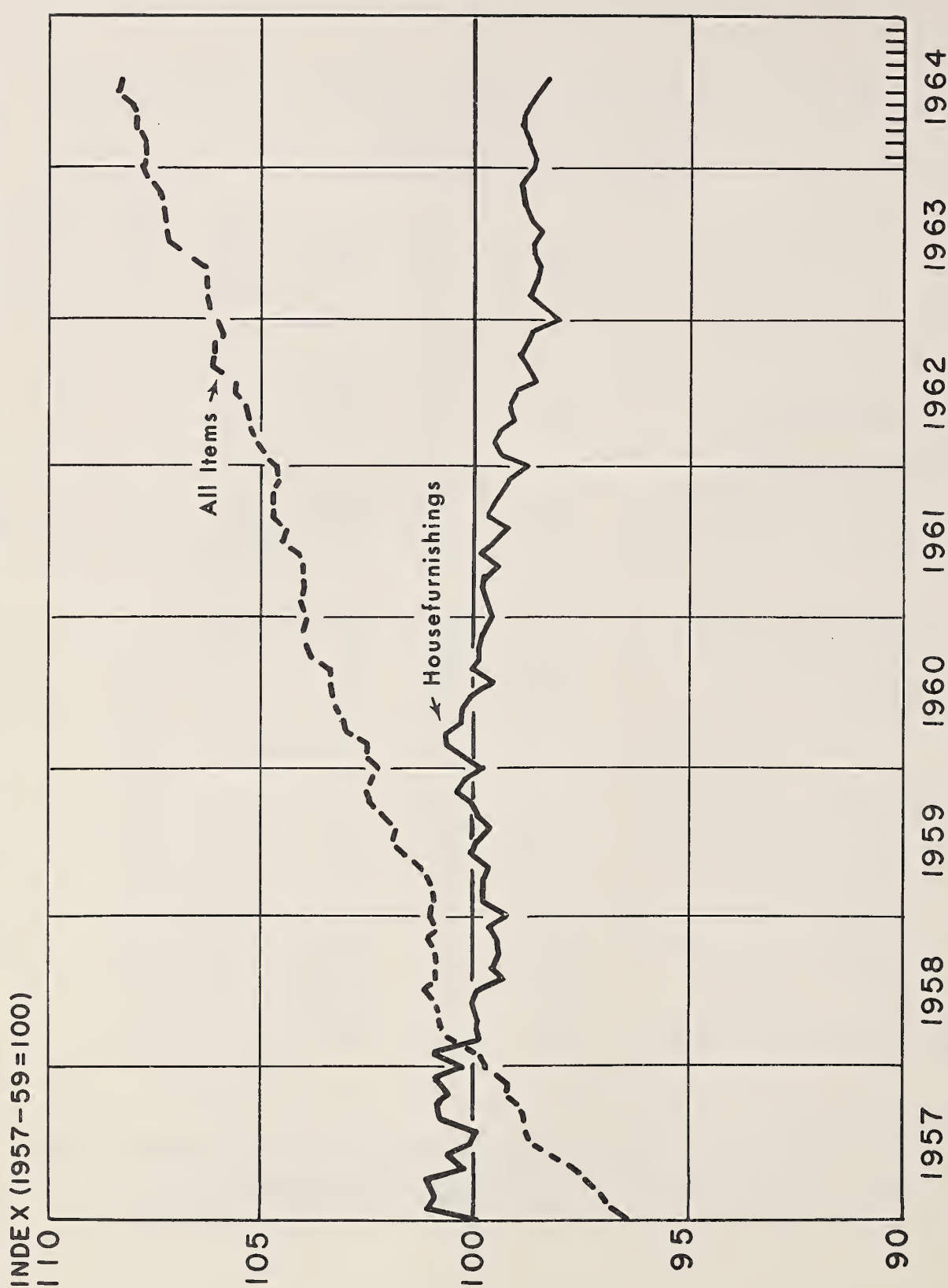
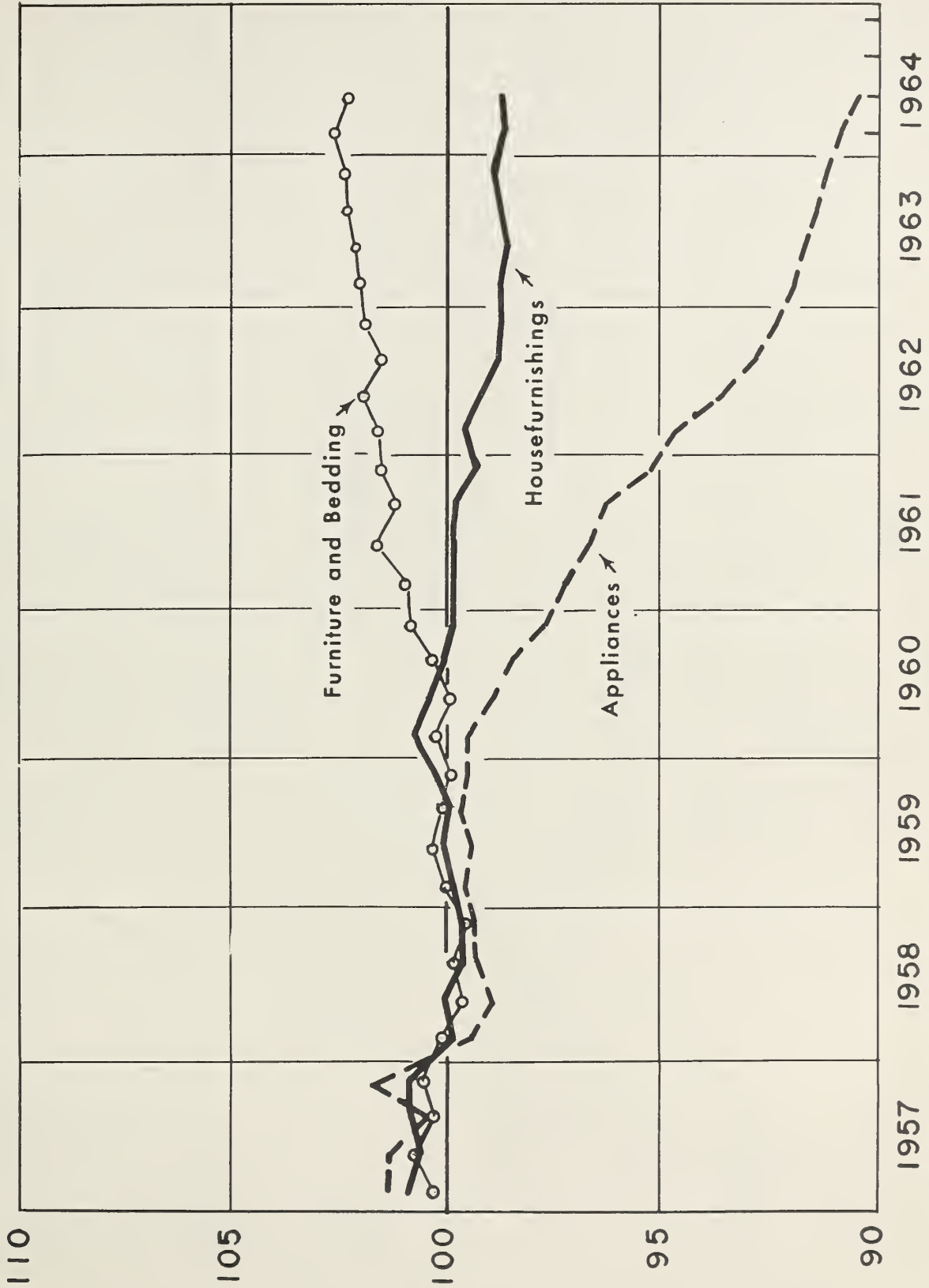


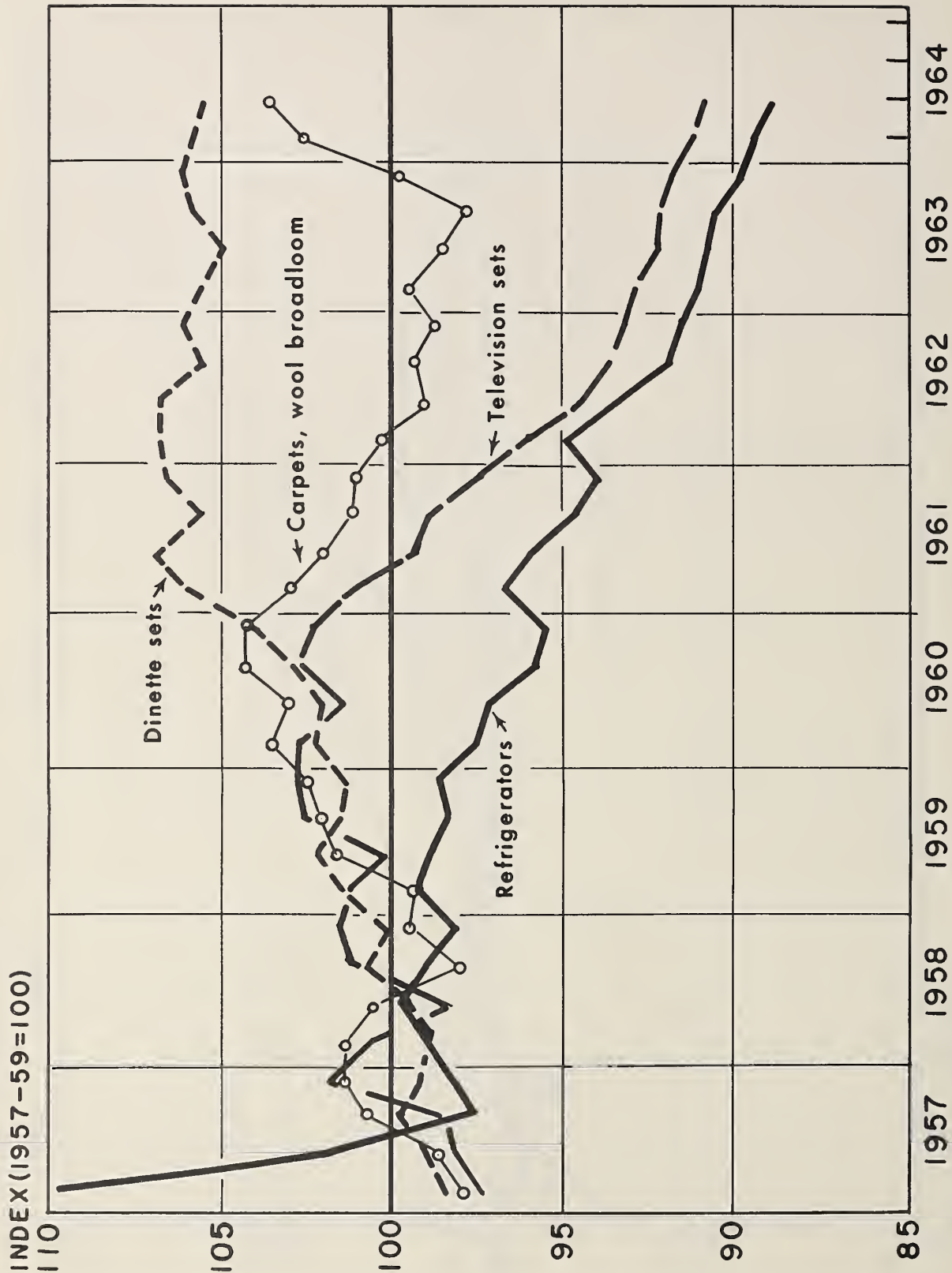
Chart 2. Consumer Price Index All Housefurnishings and Selected Groups

INDEX (1957-59=100)



UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

Chart 3. Consumer Price Index Selected Items of Housefurnishings



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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

+ OUTLOOK FOR LIVESTOCK AND MEATS +

Talk by Robert L. Rizek
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 3:10 P.M., Tuesday, November 17, 1964

The prospects into mid-1965 are for higher hog and lamb prices than in 1964, and the price situation for fed cattle may be a little more favorable for producers than the depressed markets a year earlier.

CATTLE

Commercial beef production was up 12 percent during the first 10 months of this year from the same months in 1963. All classes of cattle have shown significant increases in slaughter, with cow slaughter showing the largest gains.

The buildup of the cattle inventory will be slowed considerably this year as a result of the large increase in slaughter plus a decrease in the imports of live animals. The inventory of cattle and calves next January 1 will be up only slightly from the 106.3 million head in this year's beginning inventory. This will be considerably less than the 3.7 percent and 2.7 percent increases made in 1962 and 1963.

Cattle prices varied considerably through 1964, and prices for the various classes of cattle did not share equally in the ups and downs. A year ago this November, returns from cattle feeding operations were discouraging and the situation worsened early in 1964. However, fed cattle prices made a strong recovery from their spring lows this summer--in September prices of Choice steers at Chicago were about \$6 per 100 pounds above the May low of \$20.52. In late October, prices declined but were still well above the spring low.

There are several reasons for the price improvement since May: (1) The USDA beef purchase program has removed significant quantities of beef from commercial trade channels. (2) Lighter marketing weights of fed cattle and a slight decline in the number of fed cattle marketed since spring have taken some of the pressure off fed beef markets. (3) Increases in disposable income, population growth, and stepped-up beef promotional programs have increased demand. (4) Lower hog slaughter has resulted in less competition from pork.

Fed cattle marketings during the rest of the year are expected to remain near last year's level, but down from the third quarter of this year. Despite the prospect of continued large supplies of beef, fed cattle prices are expected to hold fairly steady into the winter months, averaging near October levels. This is in contrast to 1963, when fed cattle prices declined throughout

the fourth quarter and averaged \$23.25. Demand for beef is strong, and there is less competition from pork. However, continued heavy runs of slaughter cows, larger marketings of other cattle off grass, and heavy poultry meat production likely will prevent substantial price strength.

Feeder cattle prices did not share in the fed cattle price rise this past summer. In October, Choice feeder steers at Kansas City averaged approximately \$3.50 per 100 pounds below a year earlier. Feeder prices likely will be under continued pressure through the rest of the year and in early 1965, since there is a plentiful supply available for feeding.

Cow slaughter has been heavy this year. In January-May, slaughter was about 13 percent above year-earlier levels and cow prices, at \$14.10 per 100 pounds, Utility, at Chicago, averaged about \$1.50 below the same period of 1963. Since June, cow slaughter has been approximately 30 percent above a year earlier, but prices have averaged \$13.80 per 100 pounds, only about \$1.60 below year-earlier levels. For the year, cow slaughter will be about 20 percent above 1963, and is expected to remain large through next spring. The increase in cow beef production this year has been largely offset by a sharp decline in imports. Consequently, cow beef supplies plus imports in the first 8 months of this year were only about 1 percent more than in the first 8 months of 1963.

Total cattle slaughter in 1965 is expected to increase slightly over this year, if weather and range conditions are near average. The cattle herd would then increase only slightly during 1965. A 4 percent increase in 1965 cattle slaughter would be needed to hold numbers constant in 1965.

Fed cattle prices likely will hold much of their present strength in the first quarter of next year. However, if a large number of heavy weight cattle is put on feed this fall, prices during the first part of 1965 will be under some pressure, but prices likely will not reach the 1964 low levels. Price prospects for fed cattle in the spring of next year will depend largely on the number and weight of cattle and calves placed on feed this fall and winter. The present favorable price relationship between fed cattle and feeder cattle likely will encourage large placements during the fourth quarter and in later winter months. If this occurs, fed cattle markets during the first half of 1965 may follow the same pattern of generally declining prices as in 1964 but prices probably will be at a higher level.

HOGS

Hog prices next year are expected to average moderately above 1964 in response to lower per capita supplies. The June-November 1964 pig crop, which will provide the bulk of the slaughter supply in the first part of the year, is down probably 6-8 percent from a year earlier, and producers on September 1 reported intentions to have 13 percent fewer sows farrow during December 1964-February 1965. If these intentions are carried out, hog slaughter next summer will be substantially below last summer.

Producers are making plans now for the March-May portion of the spring pig crop. Sows farrowing during these months account for more than 60 percent of all December-May farrowings. The hog-corn price ratio probably will increase this fall and winter, so producers probably will cut late-season farrowings much less than indicated for December-February. On September 1, the number of breeding animals was down only 6 percent. Hog prices likely will be above year-earlier levels more than enough to offset the prospective increase in corn prices. However, higher corn prices will tend to prevent any substantial expansion in pig production during the winter months.

Hog prices in the first quarter of next year likely will average moderately higher than in these months of 1964, when barrows and gilts averaged \$14.60 at 8 major markets. Also, prices are not expected to dip as low next spring as they did last spring. If producers carry out their stated intentions for a large reduction in the December 1964-February 1965 pig crop, and the entire December-May crop is down, the peak in hog prices likely will top by a considerable amount the peak of \$17.10 in July this year. However, if producers begin expanding their breeding herds any time during the first half of next year, a more usual seasonal decline is expected in the fall of 1965 than is occurring this fall.

Commercial hog slaughter this year likely will be down 2 percent from the 83.3 million head slaughtered in 1963. However, competition from beef is keen, and prices received by farmers for hogs this year will average little, if any, above the \$14.90 per 100 pounds received in 1963.

Prices in the first part of 1964 averaged slightly below a year earlier when supplies were running above 1963; but then are expected to average higher in the fourth quarter reflecting the smaller December 1963-May 1964 pig crop. Prices followed the usual seasonal price pattern this year except marketings did not decline seasonally as much as usual, and the summer price peak was only about \$2.20 above the spring low. This compared with a summer runup of \$2.90 in 1962 and \$3.60 in 1963.

Beef gave pork strong competition this year, and it probably will be fully as strong a competitor next year. Thus, the expected decline in pork production will be partially offset by an increase in beef and veal production. Poultry meat production probably will not be much different from this year.

SHEEP AND LAMBS

Lamb prices in 1964 have been more favorable for producers than in several years, primarily because of reduced slaughter supplies. Lamb slaughter this year is expected to be down 7 percent from 1963. The January 1, 1965, inventory of sheep and lambs on farms is expected to be down moderately from the 28.2 million head a year earlier. Sheep and lamb slaughter in 1965 is expected to continue downward, and lamb prices are expected to continue above year-earlier levels.

Sheep and lamb slaughter in 1965 is expected to be down from 1964, whether or not rebuilding of breeding herds begins during the year. If rebuilding does begin, slaughter supplies will be substantially reduced. It would take a decrease in slaughter of about 11 percent in 1965 just to hold the inventory at the 1964 level. The lamb crop is expected to be down again by 4 to 6 percent. This crop will be the major source of both slaughter lambs and animals for herd replacement. With smaller supplies of lamb, prices in 1965 are expected to continue above year-earlier levels. Beef supplies probably will be up a little, but pork competition may be somewhat less and broiler competition may remain about the same as it has been this year.

Although 1964 lamb prices have been higher than in several years, they likely have not been up enough to encourage producers to retain ewe lambs in unusual numbers for additions to breeding herds. Before this situation will develop, producers will have to regard the long-term outlook for lambs and wool more favorably. Producers' expected returns from alternative farm and ranch enterprises also affect their decisions on lamb production. In recent years, there has been a shift to other enterprises.

Lamb prices received by farmers currently are at about the 1957 annual average, almost \$2 per 100 pounds below 1958, and \$1 above 1959, the latest years when flocks increased. They are almost \$2 to \$4 above prices in the years since 1959.

CONSUMPTION

Red meat consumption is expected to reach 174 pounds per person this year, more than 4 pounds above a year earlier. The gain is coming primarily from beef--expected to set a record high of 100 pounds, up from less than 95 pounds last year. Veal consumption is expected to be up slightly. Pork consumption is down about 2 pounds from the 65 pounds consumed in 1963, while consumption of lamb and mutton is down more than half a pound.

Per capita consumption of red meat probably will be down slightly next year. Likely declines in per capita consumption of pork, lamb, and mutton probably will be only partly offset by a modest gain in beef.

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

Outlook for Peanuts in 1964-65

Talk by George W. Kromer
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 1:30 P. M., Wednesday, November 18, 1964

The supply of peanuts (farmers' stock basis) during the 1964-65 marketing year that began August 1 is estimated at 2,575 million pounds, 8 percent more than the previous year and equal the 1948-49 record. The increase is attributed to the larger crop, as carryin stocks were just a shade higher than the year before. The 1964 crop sharply exceeds probable food and farm uses, and CCC will acquire the surplus under the support program.

The 1964 peanut crop was estimated on November 1 at 2,193 million pounds compared with 2,022 million in 1963. The 1964 increase is entirely due to record yields in all 3 sectors of the peanut belt. The November 1 indicated average yields by areas, with comparisons, are as follows:

<u>Area</u>	<u>Average</u> <u>1958-62</u>	<u>1963</u> (Pounds per acre)	<u>Indicated</u> <u>1964</u>
Virginia-North Carolina	1,872	2,049	2,195
Southeast	1,126	1,445	1,562
Southwest	924	978	1,176
United States	1,214	1,435	1,589

The 1964 acreage to be picked and threshed, at 1,380,300 is 2 percent below the acreage harvested for nuts last year. Acreage allotments for 1964-crop peanuts are again at the legal minimum of 1,610,000 acres.

The 1964-65 outlook is for peanut prices to producers to average around 11.2 cents per pound, about the same as last year. Peanuts are in surplus and farm prices, as in recent years, likely will rest on the CCC support rate.

The 1964-crop peanuts are being supported at a national average loan rate of \$224.00 per ton (11.2 cents per pound), unchanged from last year. The 1964 support price is 79 percent of the August 1964 parity. Support by types is as follows: Virginia, \$236.86 per ton; Runner, \$211.24; Southeast Spanish, \$228.98; Southwest Spanish, \$219.70; and Valencia (suitable for cleaning and roasting) \$236.86.

Principal provisions of the 1964 program are similar to those in effect for the 1963 crop. Support is available by means of warehouse storage loans to

grower associations, and through farm storage loans, and purchase agreements to producers. Loans and purchase agreements are available from time of harvest through January 31, 1965. Loans will mature May 31, 1965, or earlier on demand by CCC.

Civilian consumption of peanuts has increased in recent years, rising from 5.8 pounds per person in 1955-56 to 7.1 pounds (farmers' stock basis) in 1963-64. Of the 7 pounds per capita, about 6 are consumed in the form of peanut butter, salted peanuts, and in candy. The other pound is divided almost equally between roasted peanuts (the ball-park type) and those consumed as food on farms.

The consumption rate of 7 pounds per person is expected to continue during the 1964-65 marketing year. Assuming a 2 percent increase in total peanut consumption and about the same farm use as in recent years, around 600 million pounds or about one-fourth of the 1964 peanut crop will be acquired by CCC.

Peanut crushings during 1964-65 are expected to rise from the 380 million pounds crushed last year. Extent of the rise will depend somewhat upon the CCC diversion policy. The USDA quality control program (mentioned below) is expected to result in an increase of peanuts moving into crushing channels. USDA will continue to make peanut butter purchases on the open market for distribution to the school lunch program and to needy persons. In 1963-64 USDA peanut butter purchases amounted to 68 million pounds (farmers' stock equivalent).

Exports under the USDA expanded peanut merchandising program are expected to pickup sharply in 1964-65, mainly to Western Europe and Latin America. Under this program, CCC invites competitive bids from processors to buy surplus peanuts and export them as peanut butter, as salted peanuts, or as in-shell roasted peanuts. CCC also takes bids on peanuts for domestic crushing or for export as raw peanuts. Exports of shelled peanuts to Canada probably will continue at about the 1963-64 rate of 75 million pounds (farmers' stock basis.)

The USDA announced on July 30, 1964, an industry-wide program in cooperation with peanut producers, shellers, and processors to assure further that only high quality peanuts are marketed for food, and that those not meeting these standards are channeled into nonfood uses.

The program, involving all segments of the peanut industry, is designed to protect consumers by keeping damaged peanuts which may contain mold-produced aflatoxin from being sold for food.

Recent studies by USDA, the Department of Health, Education, and Welfare, and the peanut industry have shown a close relationship between damaged peanuts and the presence of aflatoxin. While there are no studies to indicate a danger to public health, both industry and Government wanted to insure that the damage portion of any commodity would not be used for food or feed.

The 4-phase program for peanuts was developed as a result. It provides:

1. Changes in the price support program for 1964-crop peanuts to be carried out in cooperation with the industry which will provide only high quality peanuts for food products and divert damaged peanuts to other uses for which they are suitable.
2. Educational assistance to the peanut industry to help improve the quality of peanuts through improved methods of growing, harvesting, drying, storing, shelling, and processing.
3. A broad research program seeking better ways to eliminate damage to peanuts and particularly damage due to molds.
4. Inspection by Federal-State inspectors of all lots of shelled peanuts before shipment for edible use.

The quality control program initiated for 1964-crop peanuts is effectively removing lower quality peanuts ~~from~~ the edible channels of trade. Consumers are being offered higher quality peanuts and peanut products because of the program. Industry representatives gave additional consideration to the need for producing and marketing high quality products at a recent meeting with Department officials. At the conclusion of a two day meeting in early November the 24-member National Stabilization Advisory Committee for peanuts commended the Department for the quality control program which was set up under emergency conditions as part of the price support program for peanuts for the 1964-crop. The committee expressed the view that quality control probably could best be accomplished in the future by use of a marketing agreement and order coordinated with the price support program and recommended that preparatory action be taken on this matter.

The USDA announced on November 9, 1964 a national peanut marketing quota of 1,187,375 tons and a national allotment of 1,610,000 acres for picking and threshing for the 1965 crop.

Legislation provides that the Secretary of Agriculture must proclaim a national marketing quota and a national acreage allotment each year. The marketing quota must be equal to the larger of (a) the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which the quota is proclaimed, adjusted for current trends and prospective demand conditions, or, (b) that quantity sufficient to provide a national acreage allotment of 1,610,000 acres.

In determining the marketing quota for the 1965 crop of peanuts, a "normal" yield of 1,475 pounds per acre was used. This yield, multiplied by the minimum national acreage allotment of 1,610,000 acres results in the 1965 national peanut marketing quota of 1,187,375 tons.

Peanut marketing quotas have been in effect each year since 1949. The last referendum was held in December 1962 when a record 96.9 percent of the growers voting favored marketing quotas for the 1963, 1964, and 1965 crops.

Peanuts: Supply and disposition (farmers' stock basis),
United States, 1937-64

Year begin- ning Aug 1	Supply				Disposition					
	Pro- duc- tion	Im- ports	Begin- ning Stocks 1/	Total supply	Ex- ports and ship- ments	Crush- ed for oil	Seed, feed, farm loss and shrink- age	Domestic food use		
								Mili- tary	Civil- ian	Civil- ian per capita
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.
Average 1937-41	1,395	5	122	1,522	3	320	197	15	891	6.7
1942	2,193	4	190	2,387	5	420	336	146	1,172	9.0
1943	2,176	2	308	2,486	34	488	295	223	1,089	8.5
1944	2,081	54	357	2,492	28	436	307	288	1,122	8.7
1945	2,042	32	311	2,385	64	397	275	14	1,268	9.4
1946	2,038	2/	367	2,405	249	534	293	---	1,081	7.7
1947	2,182	2/	248	2,430	482	477	301	3	932	6.5
1948	2,336	2/	235	2,571	725	473	210	6	955	6.5
1949	1,865	2/	202	2,067	172	610	219	7	856	5.7
1950	2,035	0	203	2,238	69	629	212	14	967	6.4
1951	1,659	0	347	2,006	8	432	139	10	1,005	6.6
1952	1,356	0	412	1,768	3	195	142	10	998	6.4
1953	1,574	2/	420	1,994	239	303	152	10	1,007	6.4
1954	1,008	180	283	1,471	9	107	132	7	1,012	6.3
1955	1,548	5	204	1,757	6	257	172	1	954	5.8
1956	1,607	5	367	1,979	102	260	161	3	1,026	6.1
1957	1,436	2	427	1,865	48	239	157	3	1,081	6.4
1958	1,814	2	337	2,153	62	335	164	8	1,088	6.3
1959	1,588	1	496	2,085	72	292	172	3	1,151	6.5
1960	1,786	2/	395	2,181	81	362	154	8	1,236	6.9
1961	1,740	3	340	2,083	34	256	170	7	1,258	6.9
1962	1,810	2	358	2,170	43	302	166	8	1,285	6.9
1963	2,022	2	366	2,390	97	380	186	5	1,342	7.1
1964 3/	4/2,193	2	380	2,575			200	5	1,375	7.2

1/ Includes oil stock peanuts.

2/ Less than 500,000 pounds.

3/ Preliminary. Disposition is forecast.

4/ Indicated November 1.

Shelled edible peanuts and shelled oil stock peanuts converted to farmers stock peanuts based on conversion factors calculated from result of shelling operations in each year.

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

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+ OUTLOOK FOR POULTRY AND EGGS IN 1965 +

Talk by Herman Bluestone)
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 11:50 A.M., Wednesday, November 18, 1964

The production of poultry and eggs tends to increase each year. Broiler production has climbed for 18 years in a row. Farm egg and turkey output also has grown persistently, with the uptrend interrupted only occasionally by cutbacks resulting from sharply lower prices. Increases in production have been greater for poultry than for eggs. This is partly because costs have been reduced more for poultry. In addition, the per capita demand for eggs has been declining while that for poultry has been rising. Civilian per capita poultry consumption probably will top 38 pounds this year compared with 22 pounds immediately after World War II. However, egg consumption declined to an estimated 314 eggs this year from a peacetime high of 393 eggs in 1951. But, the factors responsible for this downtrend--including the decline in large breakfasts--may operate with less force in the future.

Pressures for larger production and resultant lower prices in the poultry industry originate mainly from 2 sources. First, highly efficient operators or those who see a chance to reduce costs and increase profits are nearly always interested in increasing output. Differences between costs and returns are still wide enough to encourage these low-cost operators to expand. Second, the poultry industry has excess capacity in hatching, feed milling, and processing facilities. The incentive to utilize this large production potential as fully as possible is strong because the total costs per unit go down as output rises. In addition, overbuilding of capacity tends to continue as firms attempt to employ fully the latest technology and to integrate more completely by balancing out their operations with new facilities.

On the other hand, producers have little incentive to reduce production even in the face of low prices. Producers cannot cut losses by producing less, unless prices drop so much that they are below variable costs. They are often confronted, not with the decision of whether to produce more or less, but with the decision of whether or not to remain in business. Many farmers who have already invested their capital in land, buildings and equipment often continue producing at prices that produce a positive cash flow (a return on investment) but return practically nothing for family labor. This occurs largely because it is difficult for them to shift resources to other uses and because they do not have better employment opportunities.

Egg prices per dozen and poultry prices per pound in 1964 are averaging $\frac{1}{2}$ to 1 cent lower than in 1963 mostly because of larger production. The drop in broiler prices also is due in part to greater competition from red meat. However, egg and poultry prices are not so low that they are likely to offset

the strong pressures for larger production. Consequently, more eggs, broilers, and turkeys probably will be produced in 1965 than in 1964. For eggs and turkeys, increases are expected to be large enough to cause a further decline in prices in 1965. Expansion in broilers, however, may be small and farm prices may average higher.

Production in 1964 is expected to exceed the 176 million cases produced in 1963 by about $2\frac{1}{2}$ percent. This larger output is resulting mainly from an unusually large increase in the rate of lay, especially in the first quarter. In each of the previous 3 years, the rate of lay rose less than 1 percent; in 1964 output per layer is up 2 percent. The average number of layers in 1964 probably will be up by less than $\frac{1}{2}$ percent, with all of the increase occurring in the second half.

In 1965, another increase in egg production is in prospect. The number of layers and replacement chickens currently on hand practically assures that egg production will continue larger than a year earlier through mid-1965. On October 1, potential layers (layers and pullets not yet laying) totaled 382 million, up 1 percent from this date last year. Hatchings of replacement chicks in July-September totaled 87 million, compared with 79 million a year earlier. The October hatch probably was greater, too, because eggs in incubators on October 1 were up 12 percent from 1963. Increased egg production the rest of this year probably will come mostly from a higher rate of lay; in the first half of 1965, it likely will result from a larger number of layers.

In the second half of 1965, the volume of eggs will depend increasingly on the number of replacement chickens started in the first half. This number is expected to be larger than in 1964. Egg prices over the next several months are not likely to be low enough to discourage expansion in large commercial operations and the decline in small farm flocks is not likely to be fully offsetting.

This means that the size of the Nation's laying flock next year is expected to climb relative to 1964. In addition, the uptrend in the rate of lay in 1965 will undoubtedly continue to increase as it has in each of the previous 21 years. Most of the increase in production next year is likely to occur in the second half, after the springtime period of flush production. Thus, layer numbers, the rate of lay, and egg production in 1965 probably will be up from 1964 by a wider margin in the second half than in the first half. If most of the increase in production does occur after midyear, as seems likely, egg prices into winter would tend to rise less than seasonally. If this pattern materializes, egg prices in the second half of 1965 may be much below a year earlier.

The increase in egg production in 1965 may be great enough to interrupt the downtrend in civilian per capita consumption which began in 1952. Consumers tend to use all the eggs that are produced in a period as long as a year; it is price rather than consumption that varies in the market-clearing process. Per capita consumption this year is estimated at 314 eggs, down slightly from 1963.

Broiler production has been increasing at a moderate pace over the past 2 years as a result of a buildup in industry capacity, particularly in flocks producing hatching eggs. The upward phase of the hatchery supply flock cycle began in late 1962 and extended into the early part of this year. Broiler output increased 5 percent in 1963 and a 3-percent increase is in prospect this year. Because of expanding broiler production and increasing competition from red meats and turkeys, average U. S. prices for live broilers dropped from 15.2 cents per pound in 1962, to 14.5 cents in 1963, and to about 14 cents this year.

But broilers are the bright spot in the poultry and egg outlook next year. Output is expected to register only a small increase in 1965. In addition, competition from red meat next year is likely to be less severe than in the previous 2 years--particularly in the first half, when pork production probably will be lower. Live broiler prices at the farm in 1965 may average a little higher than in 1964.

Broiler production will be above a year earlier at the start of 1965 because of recently increased hatchery activity. However, the industry may be able to avoid undue expansion in output in most of the next year's **first** half. During this period, the number of layers producing broiler hatching eggs will be smaller than last year. Maintaining output at a high level under such conditions would keep hatching egg and chick prices high and tend to lower chick quality. This, in turn, would lead to higher costs of producing broilers. In addition, low broiler prices in the fourth quarter this year will tend to discourage expansion in broiler output early next year. Hence, broiler prices in January-June may be higher than a year earlier.

In the second half of 1965, the situation is likely to become less favorable for producers. Hatchery supply flocks will be rebuilding and this together with the favorable first half prices would tend to encourage greater expansion in production. Competition from turkey may also be greater after mid-1965. Thus, broiler prices in 1965 are likely to be lower in July-December than in January-June.

Liveweight turkey output in 1964 is expected to exceed the year-earlier level by about 7 percent, with numbers up 6 percent and average liveweight up about 1 percent. Despite the larger output, prices to producers for turkeys this year are expected to average 21 to 22 cents per pound, not far below the 22.3 cents per pound in 1963. Greater utilization of turkey in further processed foods, and increases in population, consumer incomes, exports, and USDA turkey purchases have strengthened the demand for turkeys this year.

In 1965 turkey producers are likely to raise more birds than the 98.7 million in prospect this year. This is likely to occur even though turkey prices are expected to be lower this year than in 1963. The 1964 price still is significantly higher than the record post World War II low of 18.9 cents in 1961 which led to a sharp cut in turkey production in 1962. And during the intervening years, the turkey industry has gained in production efficiency.

Owners of breeder flocks in 15 States reported plans in October to keep 4 percent more turkey breeder hens at the beginning of the 1965 hatching season than in 1964. The actual change in breeders between 1964 and 1965 likely will correspond closely to these intentions as they have in recent years. This is particularly true for heavy breeds which are making up about 90 percent of this year's crop. Thus, the 1965 breeder flock is likely to be large enough to support a sizeable increase in turkey production in 1965. If production next year is as much as 5 percent greater than in 1964, as appears likely, prices to producers probably would average lower.

In summary, the outlook for eggs and turkeys in 1965 is less favorable than in 1964. Producers may not be able to resist pressures for expanded output in either product--output probably will rise enough to force prices below the 1964 level. An increase in egg production is already underway. The broiler situation is more optimistic--particularly for 1965's first half. In that period, the number of layers producing broiler hatching eggs will be smaller than a year earlier. This will tend to relieve pressures for increasing production. In addition, competition from red meat is likely to ease off a little and this will strengthen the demand for broilers. Both developments are expected to contribute to higher broiler prices in the first half next year.

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

+ OUTLOOK FOR RICE IN 1964-65 +

Statement by William R. Askew
Economic and Statistical Analysis Division
for the 42nd Annual Agricultural Outlook Conference
Washington, D. C., Wednesday, November 18, 1964

Situation in 1964-65

The 1964 rice crop is estimated at a record 72.5 million hundredweight, based on October indications. The beginning carryover on August 1, 1964, of 7.5 million cwt., along with this crop and an allowance for a small quantity of imports, provide a supply of 80.1 million cwt. in 1964-65. A supply of this size is 3 percent above last year's large supply and about 22 percent above the 1957-61 average. All data are in terms of rough rice.

The total disappearance of rice in 1964-65 is likely to be about the same as the record of approximately 70 million cwt. in 1963-64. Domestic disappearance in 1964-65 will probably be slightly larger than the 29.2 million cwt. of last year since use of rice for food may be expected to continue its long-time uptrend. Use of rice for seed and industry may not be substantially different from the estimated 2.4 million and 3.8 million cwt., respectively, of 1963-64.

Total exports in 1964-65 may match the record 41 million cwt. of 1963-64. This year a larger proportion is expected to be shipped under P.L. 480. India may again be our largest individual taker of rice, all moving under the Food-for-Peace Program. While the outlook for commercial exports in 1964-65 is not nearly as good as that of last year, they likely will be at the level of other recent years. The worldwide cereal grain shortage in 1963-64 pushed U. S. rice exports for dollars to a record 22 million cwt. and total exports to a record 41.3 million cwt. Japan and the Soviet Union both made large purchases.

Based on these disappearance estimates, the carryover of rice on August 1, 1965 may be up from the carryover of the preceding 3 years but again would be well below the 5-year average.

The national average price support loan for 1964-crop rough rice is \$4.71 per cwt., the same as for the preceding 3 crop years. During August-October 1964, the price received by farmers averaged \$4.80 per cwt., about 18 cents below the same period a year earlier.

Review of 1963-64

The total U. S. rice supply in the 1963-64 marketing year was 77.8 million cwt. This was 19 percent larger than the 1957-61 average and the largest supply since the record 84.5 million cwt. set in 1956-57. The August 1, 1963, carryover totaled 7.7 million cwt., somewhat above a year earlier but about half as large as the 5-year average beginning carryover. The 1963 rice crop was estimated at 70.1 million cwt., a record up to that time and 40 percent larger than average. Imports, always negligible, were even smaller than usual, totaling only 17,000 cwt.

Total disappearance of rice in 1963-64 was 70.5 million cwt., 35 percent larger than the 1957-61 average and the highest of record. Almost all of the increase in disappearance was due to the sharp rise in exports which totaled about 41.3 million cwt. They were sharply above the 1957-61 average and about 3.8 million cwt. above the record set in 1956-57. Use of rice for food rose again to 14 percent above the 1957-61 average. The use of rice for beer production in 1963-64 was below the 5-year average and continued its decline. Use for seed was the same as in 1962-63. Total domestic disappearance was 29.2 million cwt., about 2 million larger than average but slightly below the record level of 1961-62.

Despite the record supply, the heavy disappearance held the rice carryover at the end of the 1963-64 marketing year to 7.5 million cwt., slightly below the carryover at the beginning of the year.

The season average price received by farmers in 1963-64 was \$5.01 per cwt. compared with \$5.04 per cwt. in 1962-63.

Rice, rough equivalent: Supply and distribution, United States,
average 1957-61, annual 1961-64 1/

Item	Year beginning August				
	Average	1961	1962	1963	1964
	1957-61			<u>2/</u>	<u>2/ 3/</u>
	Mil.	Mil.	Mil.	Mil.	Mil.
	cwt.	cwt.	cwt.	cwt.	cwt.
<u>Supply</u>					
Carryover August 1	15.2	10.1	5.3	7.7	7.5
Production	50.0	54.2	66.0	70.1	72.5
Imports	.4	.4	4/	4/	.1
Total supply	65.6	64.7	71.3	77.8	80.1
<u>Domestic disappearance</u>					
Food <u>5/</u>	20.2	22.5	22.0	23.0	23.3
Seed	2.1	2.3	2.4	2.4	2.4
Industry <u>6/</u>	4.8	4.7	4.1	3.8	3.8
Total	27.1	29.5	28.5	29.2	29.5
<u>Exports 7/</u>	25.2	29.2	35.1	41.3	41.6
Total disappearance	52.3	58.7	63.6	70.5	71.1
<u>Carryover July 31</u>	12.3	5.3	7.7	7.5	9.0
Total distribution	64.6	64.0	71.3	78.0	80.1
Difference, unaccounted <u>8/</u>	+1.0	+ .7	---	-.2	---

1/ Data apply only to major rice producing States. Minor States (South Carolina, North Carolina, Arizona, Florida, Illinois, Tennessee and Oklahoma) account for only negligible production and data on them are generally incomplete. Milled rice converted to rough basis at annual extraction rate.

2/ Preliminary.

3/ Imports and distribution items are projected.

4/ Less than 50,000 cwt.

5/ Includes shipments to territories and purchases for military food use.

6/ Primarily for beer production.

7/ Include allowance for brown and parboiled rice beginning in 1962.

8/ Results from loss, waste, the variance in conversion factors, the lack of data on other uses such as feed, the different crop years applicable to the major rice areas, and errors and inconsistencies in data from the different reporting sources.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

X OUTLOOK FOR TOBACCO +

Talk by | Arthur G. | Conover |

Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 3:10 P. M., Tuesday, November 17, 1964

In 1964, the consumption of tobacco products has been different from what could have been forecast from the trends that characterized the period from 1955 to 1963. A departure from these trends occurred following the issuance early this year of the Surgeon General's report on smoking and health and the wide publicity given to the findings in this report. Cigarette consumption in 1964 has been lower than in 1963, but cigars, cigarillos, and little cigars gained substantially in use; there was a considerable increase in use of smoking tobacco, a small increase in chewing tobacco, but only a slight change in snuff. Exports of tobacco leaf in 1964 are likely to total below the 7-year high of 1963.

The supplies of the big-volume cigarette tobaccos--flue-cured and burley--are at record highs. The build-up in carryovers--reflecting the big crops of 1963 and 1962--more than offsets the reduction in this year's production. The 1965 marketing quota and acreage allotment for flue-cured tobacco will be announced by the Secretary of Agriculture by December 1, 1964; for burley and other kinds of tobacco the 1965 marketing quotas and allotments must be announced by February 1, 1965. Referendums will be held in which growers of flue-cured, burley, Virginia sun-cured, and Pennsylvania cigar filler tobaccos will vote on whether or not to continue marketing quotas on their 1965, 1966, and 1967 crops. For fire-cured, dark air-cured, Connecticut binder types, Ohio filler-Wisconsin binder types, and Maryland tobacco, marketing quotas on the 1965 crops were approved in previous referendums.

Government price support is mandatory for the tobaccos produced under marketing quotas. The 1964 crop supports are 1 percent above 1963 and available data indicate that the 1965 levels will be up about another 1 percent. Under existing legislation, the 1965 support levels would be calculated by increasing the 1959 price supports in accordance with the percentage increase in the parity index from 1959 to its average level for calendar years 1962, 1963, and 1964. The parity index measures the average change over a period of time in prices of commodities and services commonly bought by farm families.

Tobacco Products

Cigarettes: The 1964 output of cigarettes is estimated at 532 billion--18 $\frac{1}{2}$ billion below the 1963 record high. Consumption by U. S. smokers (including those overseas) is taking about 95 percent of this output, and will likely total 3 or 4 percent below 1963. Cigarette consumption dropped sharply immediately after the smoking-health report was issued in mid-January, but by the third quarter of 1964

cigarette consumption had recovered to within 1 or 2 percent of the year-earlier level. If cigarette consumption holds reasonably firm near the level of recent months, output and consumption would be up a little in 1965; the sharp drop in the first quarter of 1964 is not likely to be repeated in the first quarter of 1965. On July 1, 1965, regulations of the Federal Trade Commission requiring warning labels on cigarette packages and warnings in all advertising are scheduled to go into effect. The Committee on Interstate and Foreign Commerce of the House of Representatives, which in late June held hearings on cigarette labeling and advertising, has indicated that further hearings may be desirable and that the next Congress would need adequate time to consider appropriate labeling legislation. Research efforts on tobacco and tobacco smoke in relation to health are being expanded considerably. What the longer-range trend of cigarette consumption will be is somewhat uncertain and probably will remain so for some time. Gains in population of smoking age might be expected to bring about an increase in cigarette consumption, but smoking in relation to health will continue to be a matter of concern.

Cigars and Cigarillos: The 1964 consumption of cigars (including cigarillos) is estimated at about 9 billion--up 1.7 billion from 1963. This exceeds the previous high of $8\frac{1}{2}$ billion in 1920 when the traditional full-size cigars made up most of the total. The sharpest increases this year have occurred in the cigarillo-size cigars--weighing between 3 and 10 pounds per 1,000. References to cigar smoking in the smoking-health report, strong promotional activity by the industry, and rising consumer incomes have been major factors contributing to this sharp upturn. Further gains are likely in 1965. Output and consumption of small cigars--cigarette size, not over 3 pounds per 1,000--surged upward in February-May but then dropped back; however, 1964 output at around 950 million will be the highest in nearly a half century.

Smoking Tobacco: The 1964 output of smoking tobacco for pipes and roll-your-own cigarettes may approach 83 million pounds--18 percent above 1963 and probably the largest in 10 years. Output and consumption jumped sharply in the first quarter but the rate of gain has diminished since. Smoking tobacco output in 1965 might be less than in 1964, although still above other recent years. The high rate of output in first quarter 1964 seems unlikely to be duplicated in the first quarter of 1965.

Chewing Tobacco and Snuff: The 1964 output of chewing tobacco is estimated at about 67 million pounds--3 percent above 1963. This is the second year in a row that chewing tobacco has gained; this year it was mostly due to a rise in plug chewing while last year the significant gain was in scrap chewing.

The 1964 output of snuff is estimated at near $31\frac{1}{2}$ million pounds, not much different than in 1963 which was the lowest in many years.

Exports and Imports

Exports of unmanufactured tobacco in calendar 1964 may be around 490 million pounds (550 million farm-sales weight)--3 percent below 1963 when they were the largest since 1956. The Rhodesian flue-cured crop that recent completed marketings was over 60

percent larger than a year earlier and by far the largest on record. It sold at an average price of about $30\frac{1}{2}$ cents per pound--more than a third below the previous season and far below the average price of U. S. flue-cured which accounts for about four-fifths of our tobacco exports. Under a voluntary control scheme, Rhodesian flue-cured tobacco growers are seeking to cut back next year's crop by more than a fifth. Turkey has a record crop and Greece a much larger-than-average crop of oriental cigarette types. There is a substantial surplus of relatively low-quality flue-cured in the Philippines. In view of the large overseas supplies of competitive tobaccos, U. S. tobacco exports seem likely to be moderately lower in the current marketing year (1964-65) than a year earlier.

Imports for consumption (an approximate measure of usings) of foreign cigarette tobacco in the year ending June 30, at 124 million pounds, were below those in 1962-63 and 1961-62 but slightly above 1960-61. General imports (indicating total arrivals) of foreign cigarette tobacco in 1963-64 were the smallest in several years. Imports for consumption of foreign cigar tobaccos from Dominican Republic, Colombia, Brazil, and Indonesia continued to climb in 1963-64. Use of Cuban tobacco (from stocks in the United States) continues to decline and in 1963-64 was only about one-sixth of annual use prior to the embargo on imports from that country.

Position of Different Kinds of Tobacco

Flue-cured: The 1964-65 total supply of this leading cigarette and export tobacco is record-large and about 3 times prospective disappearance. Before the buildup in supplies, which reflect the successively higher and record-breaking yields in the past 3 years, the total supply was 2.6 times disappearance. This year's acreage is 10 percent below 1963 but the sharp increase in yield per acre has largely offset this. Domestic use of flue-cured in 1963-64 was down a little. If the recent level of cigarette output is maintained, domestic use of flue-cured in 1964-65 may be a little above 1963-64. Exports of flue-cured in 1964-65 are likely to be down moderately from the higher-than-usual 1963-64 level.

By early November, about nine-tenths of the flue-cured crop had been marketed. The crop seems likely to average about $58\frac{1}{2}$ cents per pound--not much different than the 1963 crop--although there is some variation by Belts. Through early November, about one-fifth of market deliveries had been placed under Government loan--virtually the same proportion as in the entire 1963 season. Total loan stocks of flue-cured tobacco prior to the start of 1964 marketings were equivalent to about 55 percent of the quantity used and exported in a year. The quantity received under loan from the 1964 crop raises this percentage considerably.

Burley: The 1964-65 total supply of burley--second ranking cigarette tobacco and important to smoking and chewing products--is the largest on record despite a substantial reduction in 1964's production from last year's tremendous and record-breaking crop. This year's acreage is down 10 percent but the size of the crop is down much more because of the extremely hot weather and drought in some growing areas. Carryover of burley is 15 percent above a year earlier and 5 percent above the previous

record high of 1955. Domestic use of burley in 1963-64 dropped below the record 1962-63 level; exports rose a little to set a new high. Burley auction markets will start November 30. The overall support level for the 1964 crop is 58.9 cents per pound. In the 1963 season, 27 percent of the huge crop went under Government loan. Total loan stocks of burley tobacco, as of September 30, were equivalent to approximately 45 percent of the quantity used and exported in a year.

Maryland: The 1964-65 total supply of Maryland tobacco is record large. This year's crop is considerably larger than in 1963 and carryover is up moderately to a new high. Domestic use in 1963-64 was the smallest in many years but exports were the largest in 5 years. The generally lower quality 1963 crop sold at auctions for an average $42\frac{1}{2}$ cents--the lowest for many years; over 30 percent went under Government loan. The support level for the 1964 crop that will go to market next spring and summer is 52.3 cents per pound.

Fire-cured: The 1964-65 supply of Virginia fire-cured tobacco is about the same as 1963-64 but total supply of Kentucky-Tennessee fire-cured is up some and the largest since 1957-58. The Virginia crop is well above last year's drought-reduced level but carryover is the lowest on record. The Kentucky-Tennessee production is down moderately but carryover rose considerably. Indicated domestic use of the fire-cured types in 1963-64 declined but exports were moderately above those of a year earlier. The 1964 support level for fire-cured tobacco is 40.0 cents per pound. Government loan stocks of Kentucky-Tennessee fire-cured are approximately equal to a year's usings and exports.

Dark Air-cured and Sun-cured: The 1964-65 supply of dark air-cured tobacco is about the same as for 1963-64. The decrease in size of the crop is about offset by the increase in carryover. The 1964-65 supply of sun-cured tobacco is the lowest in many years; the 1964 crop is third lowest on record and carryover is the smallest in nearly a decade. Domestic use of dark air-cured in 1963-64 has exceeded that of 1962-63, but exports were only slightly above the record peacetime low of a year earlier. Usings of sun-cured tobacco declined; exports were about the same as a year earlier. The 1964 support level for these tobaccos is $35\frac{1}{2}$ cents per pound. Government loan stocks of dark air-cured tobacco are approximately equal to a year's usings and exports.

Cigar Filler: The 1964-65 supply of Pennsylvania filler is indicated to be above 1962-63; the crop may be the smallest in 7 years but carryover is up. Ohio cigar filler supply is moderately lower than for each of the 2 preceding years; both production and carryover are smaller than in 1963. Last season's crop of Puerto Rican cigar filler was below a year earlier but October 1, 1964 stocks were the largest for that date in 8 years. Domestic use of Ohio and Puerto Rican tobacco gained in 1963-64; the indicated use of Pennsylvania filler is not yet clear. More Philippine tobacco was used and sharp increases occurred in the use of Dominican, Colombian, Brazilian, and Indonesian tobaccos.

Cigar Binder: The 1964-65 supplies of Connecticut Valley binder are lowest on record. This year's production is near last year's but carryovers continued to drop. Domestic use of Havana Seed in 1963-64 held fairly close to 1962-63, but that of Broadleaf declined from the 5-year high of a year earlier. Exports of Havana Seed rose in 1963-64, mainly due to a sizable shipment to Spain.

The 1964-65 supplies of the Wisconsin tobaccos are moderately below 1963-64. Carryovers declined and this more than offset the slight increase in production of the Southern Wisconsin type and the moderate increase in the Northern Wisconsin type. The 1963-64 domestic use of Southern Wisconsin tobacco was the largest in 7 years, and of Northern Wisconsin tobacco probably the largest in 6 years. Exports in 1963-64 remained near the low level of 1962-63.

Shadegrown Cigar Wrapper: The 1964-65 supply of Connecticut Valley wrapper is moderately less than for each of the 4 preceding years. The 1964 crop is estimated to exceed any previous year but carryover has dropped sharply to the lowest in 7 years. The 1964-65 supply of Georgia-Florida wrapper is about the same as for 1963-64; the increase in production offsets the decline in carryover.

The domestic use of Connecticut Valley wrapper in 1963-64 rose to a new high but domestic use of Georgia-Florida wrapper dropped to the lowest level in 5 years. The 1963-64 exports of Connecticut Valley wrapper (accounting for 29 percent of total disappearance) were two-fifths larger than the preceding 5-year average. The 1963-64 exports of Georgia-Florida wrapper (accounting for 30 percent of total disappearance) were up a little from 1962-63 and more than one-fourth above the recent 5-year average.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

+ OUTLOOK FOR VEGETABLES AND POTATOES +

Talk by |Donald S. |Kuryloski|
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 1:30 P.M., Wednesday, November 18, 1964

SUPPLY AND DEMAND PROSPECTS

Supplies of canned and frozen vegetables appear to be moderately smaller than last season, but above average. Potatoes available for fall and winter marketing are down substantially from a year earlier, and sweetpotato production is down slightly. Considerably less dry beans are expected this season, but dry pea supplies are close to those of a year ago.

Continued strength in the general economy is expected next year, stemming largely from further gains in government spending and consumer demand for goods and services. Personal income is expected to stay high, which, with the population increasing, will keep demand for vegetables at a high level.

Export prospects for the coming season are favorable. Movement to Canada, our leading export market for vegetables and potatoes, is expected to continue the upward trend of the past decade. There may also be a slight increase in the volume of fresh vegetables going to Europe, if supplies are adequate and prices moderate. But exports of potatoes and onions, to Europe and in total, are again expected to be small. For dry beans, export volume may be down from last season because of a reduction in supply. However, a heavy movement of dry peas to foreign markets appears likely.

VEGETABLES FOR COMMERCIAL PROCESSING

Supplies of canned vegetables this season are moderately below the heavy volume available last season. Both carryover of canned stocks in mid-1964 and the 1964 canned pack were smaller than in 1963. Supplies of frozen vegetables also are expected to be moderately smaller than last season, with both carryover and pack down.

Total harvested acreage of 8 important vegetables for processing was slightly smaller than in 1963. Reductions in acreages of beets, sweet corn, and spinach were nearly offset by moderately more acreage in snap beans, and substantially more in tomatoes. Early October reports indicated that processing tonnage this year is slightly larger than in 1963. A considerably larger

tonnage of tomatoes accounts for the net increase. The gain in relative importance of tomatoes also is the main reason for a smaller total processed pack, despite larger tonnage. Packout of tomato items per ton of raw product is less than that for other vegetables. Contract cabbage tonnage is the same as last year, and production of all other commodities is smaller. Largest reductions have occurred in sweet corn and lima bean output; both have been in especially heavy supply the last few years.

Among the major canned items, supplies of asparagus, tomatoes, and tomato products probably are as large as last season, and supplies of spinach are heavier. Canned beet supplies will stay excessive, although smaller than a year ago. But there likely will be fewer snap beans, and supplies of lima beans and green peas are light. For the first time since the late 1950's, supplies of canned sweet corn appear to be close to market needs.

Frozen stocks of vegetables are below a year ago, primarily because of sharp cuts in lima beans and sweet corn. Supplies of most other items appear to be close to those of last year.

So far this season, processed vegetable markets have been more active than a year earlier, largely in anticipation of smaller overall supplies. In early fall, f.o.b. cannery prices for snap beans and peas averaged slightly higher than a year earlier, and prices for sweet corn and lima beans were up materially. Only canned asparagus, spinach, beets, and tomato concentrate products were feeling market pressures because of large supplies. The early market for frozen vegetables was steady, with prices the same to a little higher than in 1963. For the 1964-65 season as a whole, prices for both canned and frozen vegetables are expected to average slightly above those of last season.

DRY BEANS AND PEAS

Dry bean supplies this season are expected to be materially smaller than the heavy supply last year. Carryover stocks at the start of the current season were larger than a year earlier, but because of lower yields production is considerably below the 1963 record. Acreage was up a little.

Production data by class of bean are not yet available. But production by area indicates that supplies of both white and colored beans are smaller than a year ago. Supplies of all the important classes, including pea beans, Great Northerns, pintos, and red kidney beans, are down substantially from last season.

Domestic use of beans in the 1964-65 season is expected to be about the same as last season, but exports are expected to be well below the high level of a year earlier. Although European demand for U. S. beans is expected to continue strong, exports will be down because of smaller supplies and lower quality of the classes usually exported in volume.

The national average support price for 1964-crop beans is \$6.32 per hundredweight, the same as for last year's beans. Demand for dry beans so far this season has been strong, responding to prospects for below-average yields in leading production areas. With supplies smaller than last season and export demand likely to again be strong, grower prices probably will average moderately above those of last season.

Dry pea supplies probably are close to the heavy supply of last season. Beginning stocks were larger than a year earlier, offsetting a smaller production. Since domestic use of dry peas during the 1964-65 season likely will be about the same as a year earlier, the quantity of peas available for export is large. Reports indicate that crops in the Netherlands and Morocco, leading suppliers of the European market, are likely to be larger than last year. So far, foreign demand has been slow and prices have averaged below year-ago levels. Unless export demand strengthens, farm prices probably will average lower than last season.

POTATOES AND SWEETPOTATOES

Potato supplies for marketing this fall and winter are down materially from a year ago. In early October, combined production of late summer and fall potatoes was estimated at 208 million hundredweight, 8 percent smaller than last year. Late summer tonnage was about the same as the small 1963 crop, but fall crop production, at 179 million hundredweight, was 9 percent less than a year ago and the smallest since 1960. Production in the East was 1 percent larger than last year, but expected output was down 13 percent in the Central States, and 16 percent in the West. Among the Western States, only Wyoming expects a crop larger than last year; decreases are expected in all others. In Idaho, usually the leading potato State, the crop is about a fifth below last year. In the Central region, production gains in Ohio and Michigan are more than offset by cuts in other States. Combined output in Minnesota and North Dakota, largely representing the Red River Valley, is 21 percent below a year earlier. Smaller fall crops are expected in all Eastern States except Maine, where production is up 6 percent.

Potato supplies this year have been below normal trade needs since early spring and markets have been unusually strong. Grower prices in recent months have been the highest since the early 1950's. Strong markets appear likely through the fall and winter. Supplies now available may be even smaller than the cut in fall crop output indicates, because the prolonged period of favorable prices encouraged early marketings. Also, potato food processors are expected to operate at a high rate to meet an apparent increased demand for their products, and to rebuild inventories. This will expand the total market demand for potatoes this season.

Sweetpotato supplies are a little smaller than last season. Estimated production is 16 million hundredweight, 1 percent below 1963, and 7 percent smaller than the 1958-62 average. Reduced acreage accounted for the decline; yields

generally were the same or higher than a year ago. Only 4 States--Virginia, North Carolina, Mississippi, and Texas--expect larger crops than last year. Output is the same as last year in Georgia, but smaller in all other States.

During the early part of this season, prices averaged sharply higher than the moderate levels of a year ago, partly because of delayed harvests in many States. Marketings will be at the usual seasonal peak during the late fall. But with available supplies relatively small, prices probably will stay high. Late season markets are expected to be about as strong as they were at the same time last year.

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

+ OUTLOOK FOR WHEAT IN 1965 +

Talk by William R. Askew

Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 3:45 P.M., Wednesday, November 18, 1964

Several new aspects in the present wheat program could cause the outlook for wheat in 1965 to be substantially different from that of any recent year. Wheat can be marketed without marketing quotas for the first time since 1953-54. The price support loan rate is at a level representing the feeding value of wheat, and as a result wheat feeding has a potential for expansion not feasible during the last 10 to 15 years.

Supply Declines

Carryover of all wheat on July 1, 1964, totaled 901 million bushels, nearly 300 million below that of a year earlier. This represents the third consecutive decline from the peak 1,411 million carryover reached in July 1961. The continued decline in carryover stocks is the result of special acreage diversion programs for both the 1962 and 1963 crops and the high level of exports that has prevailed in recent years. During the past 4 years, exports have averaged about 720 million bushels per year, or about 245 million above the preceding 4-year period. The estimate for all wheat production, based on the October Crop Report, is 1,286 million bushels, 13 percent above 1963. The 1964 average yield, indicated at 26.2 bushels per acre on October 1, is the same as the 1960 yield and is exceeded only by the 1958 yield of 27.5 bushels per acre. Total harvested acreage of all wheat this year is estimated at 49 million acres, 8 percent above last year, but 3 percent below average. Estimates of carryover and production, plus an allowance of 4 million bushels for imports, provide a total wheat supply for 1964-65 of 2,191 million bushels. This supply is sharply below that of recent years and is about 490 million bushels below the peak supply of 1960-61.

Feeding To Be Prime Factor
in Setting Domestic Disappearance Level

Domestic disappearance of wheat in 1964-65 is estimated at about 615 million bushels, somewhat above the 5-year average and substantially above the abnormally low 1963 level, currently computed at 576 million.

Use of wheat for feed in 1964-65 is estimated at about 65 million bushels. This is somewhat above average and accounts for most of the expected increase in domestic disappearance. The amount of wheat fed will depend on the cost relationship between wheat and feed grains. This cost relationship will vary by areas and be affected by the class of livestock

to be fed and differences in feeding values of the various grains. Wheat used for feed is derived as a residual after all known disappearance has been taken into account. Most of the data used to compute disappearance in 1963-64 are still preliminary and the feed figure will be changed by subsequent revisions. In another report, Field and Seed Crops--Production, Farm Use, Sales and Value, May 1964, the Crop Reporting Board estimated that 20 million bushels were fed on farms where grown during 1963-64.

In areas where enrollment in the 1964 Wheat Program is at a low level, competition between wheat and feed grains will be more pronounced. Any increase in wheat feeding would normally take place in the summer and early fall. Because the new wheat crop moves heavily into marketing channels during this period, wheat prices are normally at their lowest levels. Feed grain prices generally reach their seasonal highs during this same period. However, wheat prices were exceptionally high, relative to the price support loan, during July-October. In spite of this, they have been generally competitive with feed grains. The October Stocks of Grains report did not indicate, however, that wheat feeding had increased during July-September 1964 over the same quarter in earlier years. But past history of computing feed by the residual method on a quarterly or semi-annual basis has not always proved meaningful and in many instances it has been misleading.

Food Use
to Decline

Wheat to be used for food in 1964-65 is estimated at 480 million bushels. This is unusually low but can be explained by events of the past year. Beginning July 1, 1964, mills were required to purchase a 70-cent domestic marketing certificate for each bushel of wheat processed for food, as part of the 1964 Wheat Program. Thus, most mills operated at or above full capacity during the final weeks of the 1963-64 crop year. Wheat ground for flour in June 1964 totaled 62 million bushels, 15 million more than the same month in 1963. This undoubtedly included a much larger proportion of new-crop wheat than usual. The quantity of wheat ground for food dropped to a very low level in July and ran below average during August. These reduced grindings provide the basis for the smaller estimate of wheat to be used for food in 1964-65. Current estimate of wheat used for food is 480 million bushels, about 15 to 25 million below the level of recent years. Decline in the estimated food use is about equal to the additional quantity ground during 1963-64. Thus, it is not expected that human consumption of wheat products during either 1963-64 or 1964-65 is any different from other recent years but only that the usual milling pattern was changed.

Use of wheat for seed is estimated at 70 million bushels, but grower participation in the 1965 Wheat Program, as well as any plans for substitution of acreage, may change this estimate.

Carryover Hovers
Around 900 Million

The carryover on July 1, 1965, may be about the same as the 901 million bushels of July 1, 1964. Despite the fact that the 1964 wheat crop is the largest since 1960, disappearance will likely be large enough to utilize current production and prevent an increase in the carryover.

Exports at High Level

Wheat and flour exports in 1964-65 are forecast at 675 million bushels. This is considerably below the record level of 860 million bushels in 1963-64, but still above average. The record export last year resulted from poor crops in Europe and the Soviet Union. These countries, normally either self sufficient or exporters, became importers of wheat. Japan, also suffering from a short crop, imported heavily from the United States. Most of the increased exports were made under commercial terms. This brought about a record dollar export level of 355 million bushels. In 1963-64, about 505 million bushels, including bulgar, were shipped under the Food-for-Peace Program, close to the levels of recent years.

Crop prospects in the Soviet Union and Europe are considerably better than last year and the world wheat crop is expected to set a record. This will not only reduce their import demand, but will give U. S. wheat increased competition for commercial export markets. Japan, an important buyer of U. S. wheat for dollars, expects a much larger crop than its poor 1963 harvest and its import requirements are likely to be smaller.

Prices Average
Above Loan

Based on the present supply and demand outlook, the price received by farmers in 1964-65 should be near the national average price support loan rate. About 3/4 of the national acreage allotment is enrolled in the 1964 Wheat Program. All wheat produced on this enrolled allotment is eligible for the loan. Farmers who diverted acreage also received income supplements in the form of marketing certificates in addition to acreage diversion payments. With these supplements, cash receipts from wheat in 1964-65 may be about \$2.1 billion, compared with \$2.3 billion in 1963-64.

Farmers and warehousemen are withholding large amounts of wheat from the market. Cash received from certificates, by farmers participating in the wheat program, may have helped them strengthen this holdback. Another factor that has influenced the withholding of wheat was the long anticipated reduction in railroad rates that became effective on October 15, 1964, through most of the Southern Plains. Furthermore, it has been announced that USDA will increase county loan rates to reflect the reduced rail rates.

This action has had the effect of raising the national average loan rate to \$1.32 per bushel. During July-October, the average price received by farmers was \$1.35 per bushel. Within the last decade, farm prices during harvest have seldom been as high relative to the loan. This situation is unusual since current production is expected to about equal total disappearance forecast for 1964-65.

The season average price received by farmers in 1963-64 was \$1.85 per bushel, 3 cents above the loan rate for the 1963 crop. As the export demand for wheat increased in the fall of 1963, prices rose from a low of \$1.75 per bushel in July 1963 to \$2.00 in January 1964. Prices at the farm level remained strong through May 1964. With the advent of new-crop wheat, prices received by farmers adjusted to near the 1964 loan rate, averaging \$1.40 per bushel in June, 48 cents below the average price for May.

CCC Sales and Dispositions Increase

As a result of high market prices relative to the loan rate, the Commodity Credit Corporation has been a major supplier of wheat to trade users. Most of this wheat was sold at the statutory minimum--105 percent of the current loan rate plus carrying charges--or at the market price, whichever was higher. CCC has been a supplier to the market under the statutory minimum procedure in almost every crop year. However, it seldom has been called upon to sell such substantial quantities during the harvest period, as it has this year, except when "free" supplies were inadequate.

The 1965 Program

Loan Rate Down; Certificate Value Increases

Operation of the 1965 Wheat Program, in general, will be about the same as that for the 1964 crop year. The following is a brief summary of the 1965 program, compared with that of 1964.

1. National average price support loan rate will be \$1.25 per bushel (was \$1.30).

2. Domestic certificates will be valued at 75 cents per bushel (were 70 cents), and export certificates, 30 cents per bushel (were 25 cents). Program participants can qualify for domestic certificates on 45 percent and export certificates on 35 percent of the normal production for their allotment (were 45 percent on each). Certificates will be earned by eligible producers on 80 percent of the allotted acres times the normal yield for the farm, but not in excess of the normal production on the acreage of wheat planted for harvest. If the acreage planted for harvest is less than 80 percent of the farm allotment, the reduction in certificates will be made first from the

lower valued (export) certificates. Commodity Credit Corporation will assist producers in marketing the certificates by purchasing them through county ASC committees.

3. Wheat and feed grain (including oats and rye) acreage substitution will be possible (none in 1964). A producer with both a wheat allotment and a feed grain base, who signs up for both programs, will be eligible to use the substitution provision. The minimum feed-grain acreage diversion for participation is 20 percent of the base acreage. Any farmer can divert up to 50 percent of his feed-grain base acreage or 25 acres, whichever is larger. He can either grow wheat on feed grain permitted acres, or grow feed grains on all or part of the wheat permitted acres. Such a producer takes part in the 1965 program relating to wheat and feed grains exactly as he would without the substitution provision except that the acreage of either wheat or feed grains could be greater. A producer who plants feed grains on wheat allotment acreage may put this feed grain production under loan, but he will not be eligible for feed grain price support payments on this acreage, nor will he receive additional certificates for wheat grown in lieu of feed grains. A producer not eligible for the benefits of both programs may still obtain the benefits of the program for which he is eligible.

4. If wheat diversion, in addition to the required minimum, is at least 10 percent of the farm's 1965 allotment, payment on such additional diversion will be based on 50 percent of the farm's normal production times the county loan rate on all of such added acres diverted to conserving use. No payment will be made for applying conserving use to the minimum qualifying acreage equal to 11.11 percent of the 1965 allotment. (Payment in 1964 was 20 percent for all acres diverted to conserving use). Qualification for certificates and price support loans can be achieved by planting within the 1965 allotment and devoting to conserving uses an acreage equal to 11.11 percent of that allotment.

5. A producer can get loan and certificate allocation benefits if he exceeds his acreage allotment by not more than 50 percent on any farm in which he has an interest and stores under bond the wheat from the excess acreage, meanwhile carrying out conserving use requirements of the program (not provided in 1964). Producers, who sign up and otherwise comply with program provisions relating to wheat, will be eligible for price support loans on their entire production, except on any quantity stored under bond.

1965 Winter Wheat Signup

The Department of Agriculture issued its final report on October 8 on the winter wheat signup of the 1965 Wheat Program. The signup began August 24th and continued through October 2nd. About 780,000 farms of a possible 1,540,000

were signed up. The total diversion on these farms is 5.5 million acres of which 3.9 million acres represents a 10 percent reduction in the 1965 allotments from the allotments in effect in 1963. The overplanting provision was taken up by about 25,000 farms with the acreage on these farms totaling 4.5 million acres. It is difficult to make a specific evaluation of the effects of this signup for several reasons. First, there is no penalty if the farmer does not carry out his diversion plans. Winter wheat farmers cannot, however, enter wheat in the program if they failed to sign up in the recent program enrollment. Second, the right of substitution between wheat and feed-grain acres will be available and the price support and payment rates offered for feed grains, as yet unannounced, will affect a farmer's decision. Third, he may produce up to 50 percent above his wheat allotment and store under bond the amount produced up to 50 percent above his normal production level. If he does not store in bond, he suffers no penalty beyond the fact that he will not receive domestic or export certificates or price support.

Wheat: Supply and distribution, United States,
average 1957-61, annual 1961-64

Item	Year beginning July				
	Average	1961	1962	1963	1964
	1957-61			1/	1/ 2/
	Mil.	Mil.	Mil.	Mil.	Mil.
	bu.	bu.	bu.	bu.	bu.
<u>Supply</u>					
Carryover on July 1	1,162.0	1,411.2	1,321.9	1,194.9	901
Production	1,225.3	1,234.7	1,093.7	1,137.6	1,286
Imports <u>3/</u>	8.0	5.9	5.5	4.3	4
Total	2,395.3	2,651.8	2,421.1	2,336.8	2,191
<u>Domestic disappearance</u>					
Food <u>4/</u>	495.0	499.6	501.8	*533.0	480
Seed	62.0	56.0	60.6	62.8	70
Industry	.1	.1	.1	---	---
Feed <u>5/</u>	45.9	54.3	21.4	*-19.4	66
Total	603.0	610.0	583.9	576.4	616
<u>Exports</u> <u>6/</u>	547.7	719.9	642.3	859.5	675
Total disappearance	1,150.7	1,329.9	1,226.2	1,435.9	1,291
<u>Stocks on June 30</u>	1,244.6	1,321.9	1,194.9	900.9	900

1/ Preliminary. 2/ Distribution items for 1964 are projected. 3/ Include full-duty wheat, wheat imported for feed, and dutiable flour and other products in terms of wheat. Exclude wheat imported for milling in bond and export as flour, also flour free for export. 4/ Includes shipments to U. S. Territories and wheat for military food use at home and abroad. 5/ This is the residual figure, after all other disappearance has been taken into account; assumed to roughly approximate wheat used for feed. 6/ Include flour wholly from U. S. wheat and other products in terms of wheat. Include exports for relief or charity by individuals and private agencies. Beginning in 1962-63, an allowance is made for donations of bulgar which were not included in Census data.

*The quantity of wheat fed on farms where grown was estimated at 20 million bushels in the SRS publication, Field and Seed Crop--Production, Farm Use, Sales and Value, May 1964. Use of new-crop wheat, prior to July 1, was exceptionally heavy and resulted from the sharp reduction in the 1964 loan rate from that of 1963. Thus, supply and disappearance data are subject to more than usual discrepancy. The food item is not the quantity consumed but the quantity used for food.

Wheat: Estimated supply and distribution by classes,
United States, average 1957-61 and annual 1962-64

Item	Hard winter	Red winter	Hard spring	Durum	White	Total
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
<u>Average 1957-61</u>						
Carryover, July 1	860	12	221	20	49	1,162
Production	687	179	171	27	161	1,225
Imports 1/	---	---	8	---	---	8
Supply	1,547	191	400	47	210	2,395
Exports 2/	335	45	42	5	120	547
Domestic disappearance 3/	264	131	139	24	45	603
Carryover, June 30	948	15	219	18	45	1,245
<u>1962-63</u>						
Carryover, July 1, 1962	1,085	24	187	5	21	1,322
Production	537	157	175	70	155	1,094
Imports 1/	---	---	5	---	---	5
Supply	1,622	181	367	75	176	2,421
Exports 2/	437	40	39	4	122	642
Domestic disappearance 3/	249	136	133	25	41	584
Carryover, June 30, 1963	936	5	195	46	13	1,195
<u>1963-64 4/</u>						
Carryover, July 1, 1963	936	5	195	46	13	1,195
Production	544	212	162	50	170	1,138
Imports 1/	---	---	4	---	---	4
Supply	1,480	217	361	96	183	2,337
Exports 2/	565	80	50	29	136	860
Domestic disappearance 3/	247	133	129	26	41	576
Carryover, June 30, 1964	668	4	182	41	6	901
<u>1964-65 4/ 5/</u>						
Carryover, July 1, 1964	668	4	182	41	6	901
Production	639	226	177	61	183	1,286
Imports 1/	---	---	4	---	---	4
Supply	1,307	230	363	102	189	2,191
Exports 2/	490	40	40	5	100	675
Domestic disappearance 3/	261	145	135	27	48	616
Carryover, June 30, 1965	556	45	188	70	41	900

1/ Exclude imports for milling-in-bond and export as flour. 2/ Include exports for relief or charity by individuals and private agencies. Include relief shipments of bulgar beginning 1962-63. 3/ Wheat for food (including military food use at home and abroad), feed, seed and industry. Includes shipments to U. S. Territories. 4/ Preliminary. 5/ Imports and distribution items are projected.

Note.-Figures by classes in this table, except production, are approximations.

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

X REGIONAL GROWTH AND DEVELOPMENT AND RURAL AREAS +

Talk by John H. Southern
Resource Development Economics Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., 9:30 a.m., Tuesday, November 17, 1964

We come to a part of the outlook that usually is not prescribed for your consideration--that is, the opportunity outlook for rural people. However, the dynamics of agricultural change, the problems of area growth and their interrelationships with other sectors are moving us and have moved us in a direction of being concerned about this feature of outlook. As of this year and as of this moment, you may be more interested in the details of the beef cattle or the feed grain outlook for next year, but for the longer run the concern of all of us is tied closely to the prospects for rural people and for rural areas. And year by year the wheat and feed grain outlook may involve more cattle or more bushels of grain, but the inexorable result of your own work means fewer and fewer people involved in the primary production of farm commodities.

In these discussions, the outlook for people perhaps is more tentative (and perhaps more hazardous) than that for wheat or beef cattle. As an example, it is highly probable that during the sessions this week someone will give you the numbers of cattle on feed, by age, by sex and by location. It is also possible that someone can relate to you the bushels of the various grades of wheat in storage, the location and size of storage bins, and the different degrees of insect infestation of these grains. We do not know the minute characteristics of rural people, their employment and incomes on an annual basis in this manner; and so, our outlook may be more subject to error than that for wheat or beef cattle. Nevertheless, as agricultural educators and researchers we must face up to the basic and longer run opportunity outlook for rural people, however hazardous this may be.

In this discussion, we are placing emphasis on the employment or job aspects of growth and development; although development, per se, is highly concerned with and usually is measured by real income on some basis, such as, per capita, per family, per area, etc. We shall leave out the income aspect of development and deal mainly with employment, its location, and its trends and possible tendencies.

Two years ago before this group we made certain points which are as applicable or more applicable today than then.^{1/} In summary, these were (and are):

1. Rural America is no longer farm America.

^{1/} Southern, John H., "Implications of Population and Occupational Change for Rural Areas Development", a talk at the 40th Annual Agricultural Outlook Conference, Washington, D. C., November 14, 1962.

2. The employment and demographic features of the rural population and of rural areas are heavily oriented toward nonfarm activities. The welfare of rural people and the areas in which they live are highly dependent on these activities.
3. The interdependent character of the farm-nonfarm quality of area economic structures requires a broader understanding and consideration of this interdependency--its impacts on whole regions, on communities, and on the opportunity prospects for people.
4. A rapid and continuous growth of the national economy is a virtual necessity (but not sufficient) for expanding job and income opportunities for rural people.

Keeping these features of rural areas in mind and to consider this outlook adequately, we see about four factors or forces at work, governing the pattern of employment development for rural people. These are:

1. A continuous steady (in some areas a sharp) decline in the use of manpower in agriculture;
2. A high replacement ratio in the rural population, particularly in the farm population;
3. Economic development and growth that tend to concentrate non-agricultural employment in certain regions and in certain localities of such regions; and
4. Public sector activities and investments that tend toward further concentration of employment and opportunity.

Decline in Manpower Use in Agriculture

The fact that primary production in agriculture is requiring less and less manpower scarcely needs particular stressing before this group. Agricultural workers are quite aware that an increasing volume of agricultural production is pouring forth with a declining absolute amount of labor input. This decline has been rather sharp over the past two decades and promises to continue at a fairly steady rate through this decade. Incidence of manpower shift out of agriculture has been so heavy in some areas that absolute numbers of total employed decreased. That is, the heavy loss of employment in agriculture was not offset by increasing employment in other sectors. As a result, some entire States had decreases in total people employed.

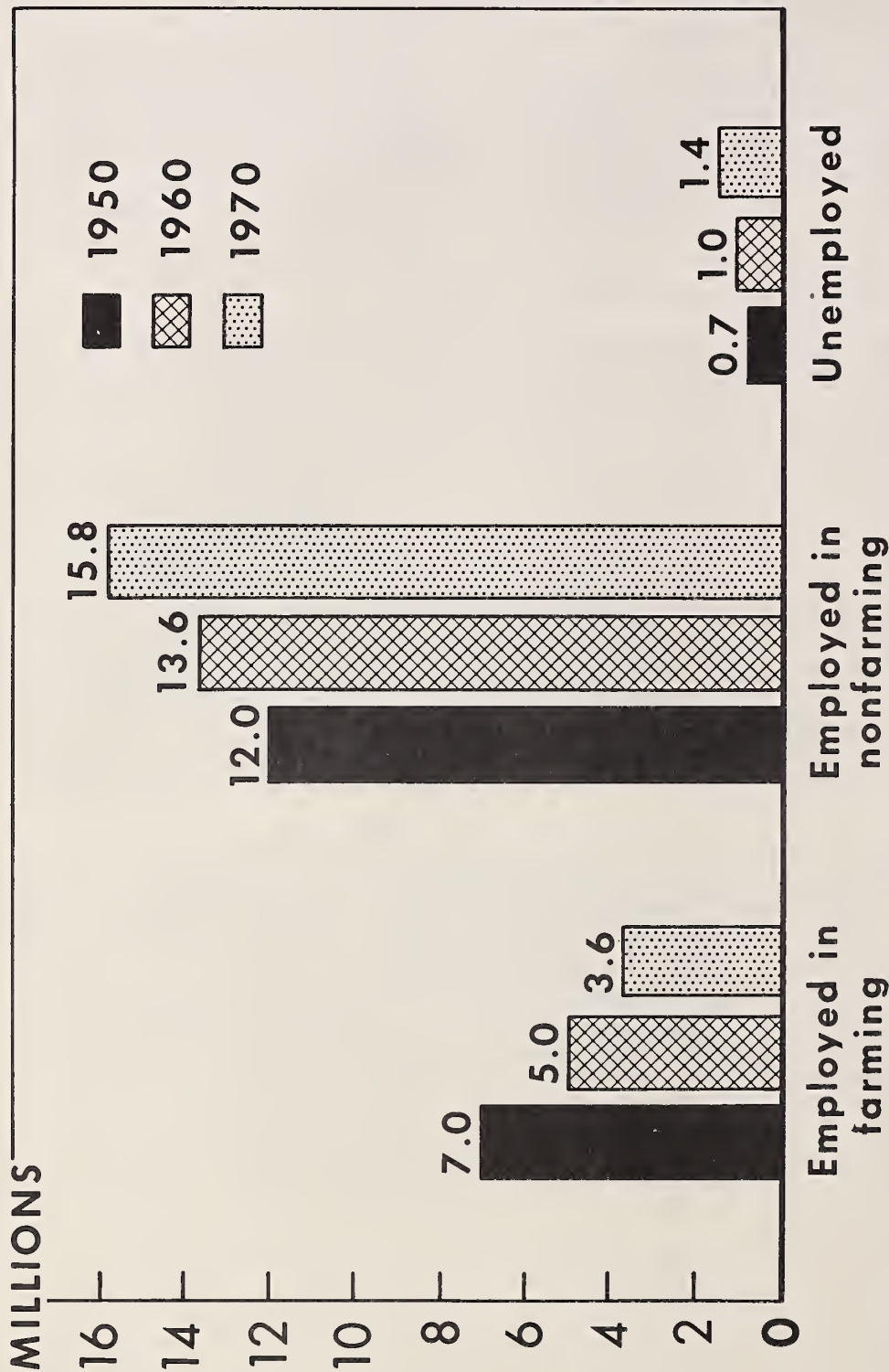
Estimates made in the Department indicate that the decade of the 1960's will see a further decline of about 28 percent in the labor force in agriculture. In absolute numbers, this may be on the order of approximately 1.4 million persons (fig. 1). The rate of decline is not expected to be the same for the whole of agriculture, or for all areas. But again, the shift will be considerably heavier in those areas where underemployment and low incomes are widespread, and where there still is potential adjustment toward less labor-intensive enterprises. These areas of expected heavier decline are in the South, Southeast, and Delta States. Decline of opportunity in agriculture elsewhere will be steady, but will be slower and will involve fewer total people.

High Replacement Ratios in Rural Population

The second factor for consideration is the replacement ratio found in the rural population for the period 1960-1970. This ratio tells us the number of males entering into the age group 20-64 for each 100 males departing through death or retirement, assuming no migration during the decade. The replacement ratio of rural farm males is an indication of the pressure of that population on need for opportunity development, or for the alternative of migration. If the replacement ratio, or the number of entrants into age group 20-64 years per departure, is only 1:1, then the need may be for only the maintenance of current employment assuming no other changes. However, if the ratio is 2:1 or more (two or more persons for every available opportunity), and much of the Nation has such ratios for rural farm males, then there is great need for employment development or for heavy streams of outmigration. When the change in farm technology is constantly reducing opportunity in agriculture on the one hand, and there is a higher than 1:1 replacement ratio of the labor force on the other, the pressure for migration and/or employment development becomes extremely serious.

Generally, we find that the replacement ratio in the farming population is more than 1:1 for males in all areas (fig. 2). The particularly heavy replacement ratios occur primarily in the same areas mentioned for sharp declines in farm employment, that is, the South, Southeast, and Delta States. There are other areas where the farm male replacement ratio is high, but the total number of people, for example in Utah, northern Arizona, and North Dakota, is not great. Replacement ratios for the rural-nonfarm males are even greater than those for farm males, but the pattern of intensity is much like that for farm males (fig. 3).

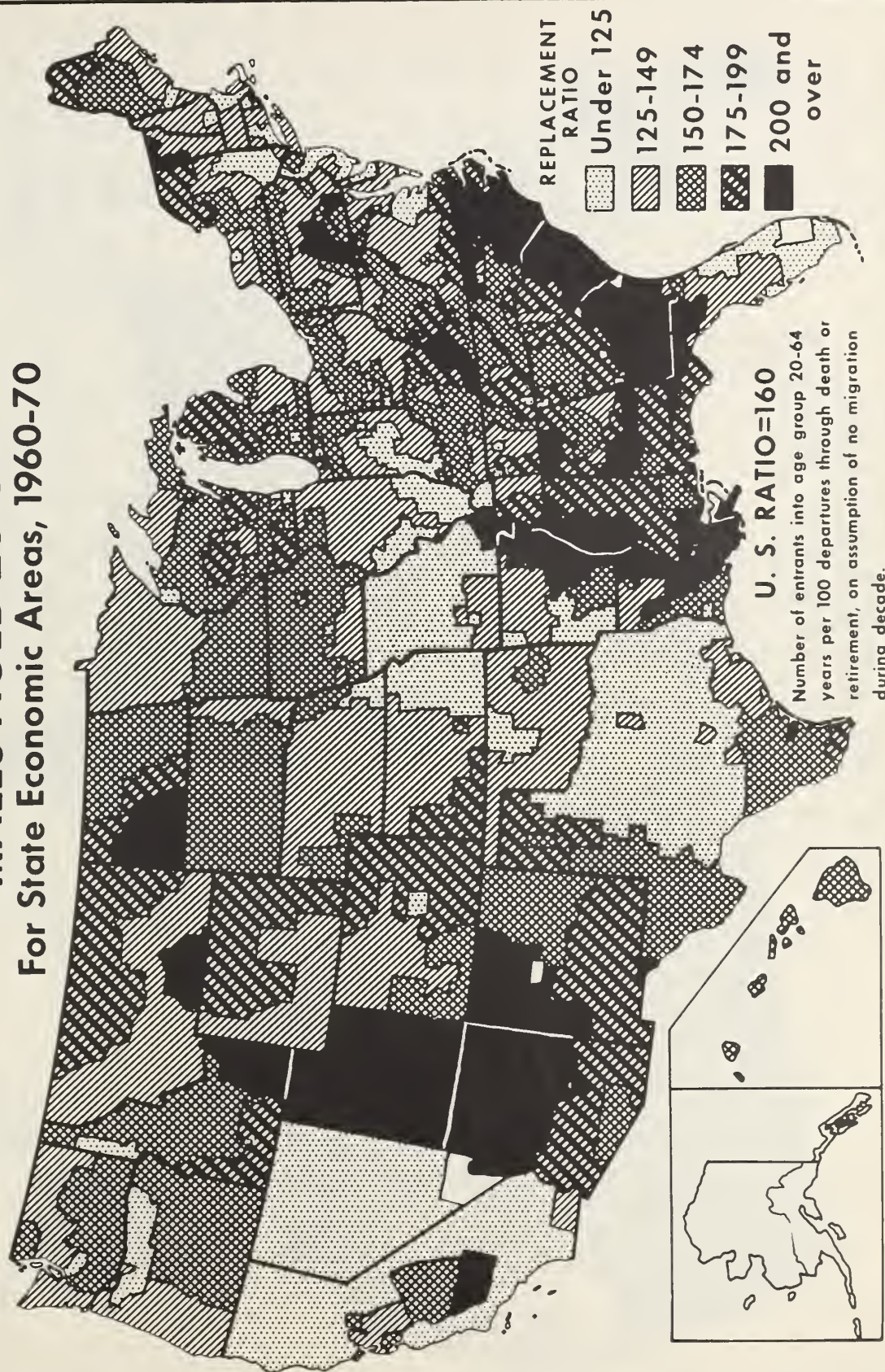
EMPLOYMENT STATUS OF THE RURAL POPULATION



SOURCE: Composite employment status based on current population survey data and on an average annual basis, including estimate for 1970. Unemployment rate as projected for total labor force by Council of Economic Advisors would reduce 1970 rural unemployed to 0.83 million.

REPLACEMENT RATIOS OF RURAL-FARM MALES AGED 20-64

For State Economic Areas, 1960-70



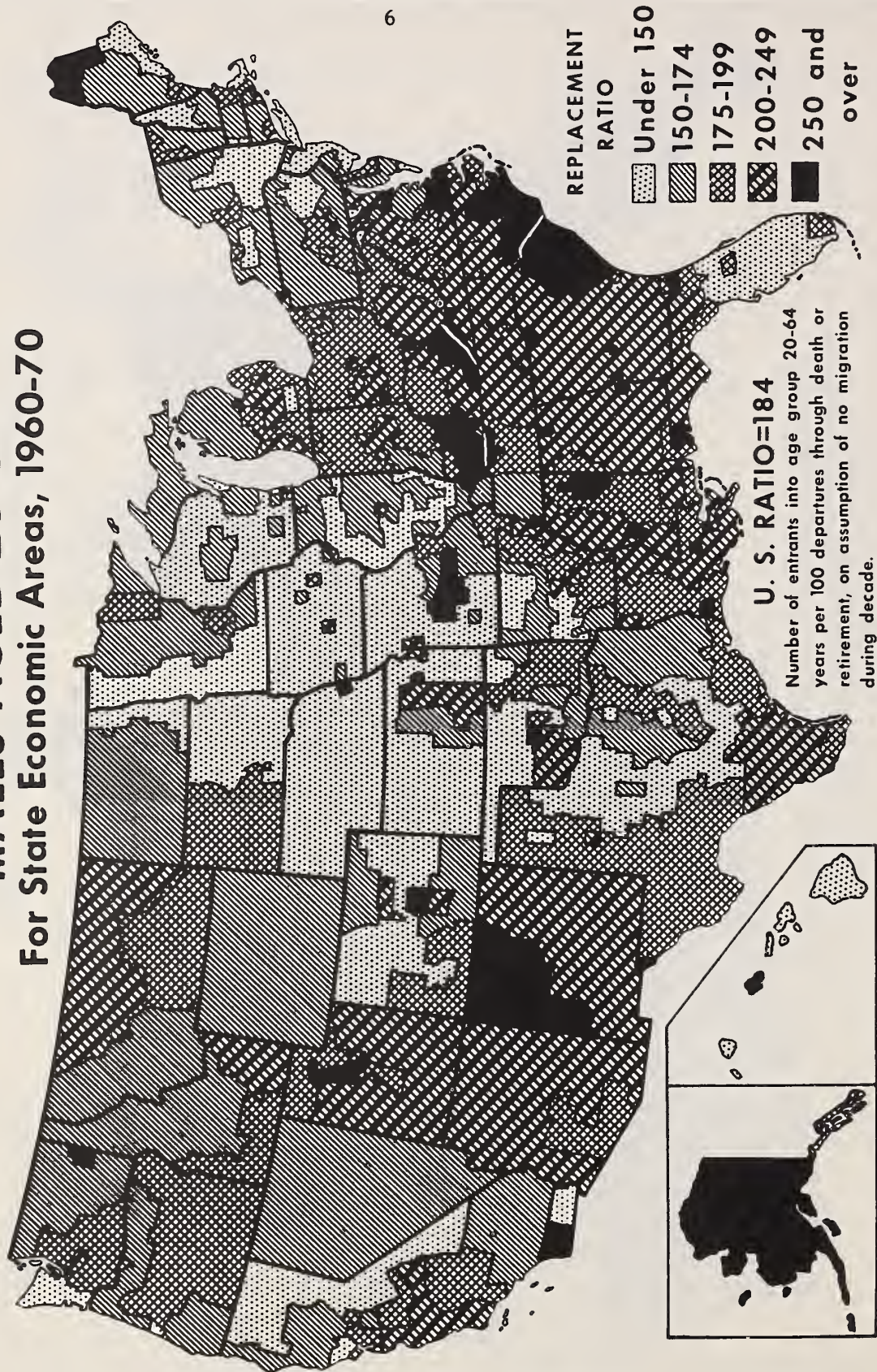
Ratios not shown for Areas with fewer than 100 departures.

NEG. ERS 2344-63(9) ECONOMIC RESEARCH SERVICE

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Figure 2

REPLACEMENT RATIOS OF RURAL-NONFARM MALES AGED 20-64 For State Economic Areas, 1960-70



Concentration of Employment

Without belaboring the complexities of economic development and the determinants of its spatial nature, we can recognize that for several decades the population of the United States has shifted into and toward urban and urbanizing centers. This is a fact and a feature of our development and growth. Obviously this population shift has occurred in response to shifts in economic opportunity and employment, as these have tended toward spatial concentration. The extent to which this concentration is occurring and has occurred, and its full impact and meaning for rural areas and regions, has not been comprehended fully.

In general, employment opportunities are becoming overwhelmingly oriented toward urban areas, and increasingly toward highly metropolitan areas of the Nation. In 1950, some 53 percent of the Nation's total employment was in Standard Metropolitan Statistical Areas as defined by the Bureau of the Budget. By 1960, this proportion had grown to 61 percent of the total employment. As of now, it is not unrealistic to estimate that nearly 65 percent of total employment is concentrated in such areas.

During the decade of the 1950's, civilian employment literally mushroomed in the highly metropolitan locations, increasing by nearly 33 percent (table 1). Total employment in the Nation increased only 14.5 percent. Employment growth in the metropolitan (SMSA) areas accounted for more than the total growth in civilian employment. This meant considerable internal shifting in opportunities with heavy decline in some areas. Employment in counties with population centers from 25,000 to 50,000 grew 16.4 percent or slightly faster than the Nation's overall growth rate. Growth in the cities of 10,000 to 25,000 was 8.6 percent. The critical size of growth centers apparently is in the size from 5,000 to 10,000 population. Here employment barely held its own increasing only 1 percent. There was a sharp decrease in total employment--22.4 percent--in all counties with population centers below 5,000. This latter group of counties is highly associated with agriculture and decline of opportunities here was not nearly made up for by growth in other sectors. Employment by State ranged from a decline of over 14 percent in West Virginia to an increase of over 80 percent in Arizona (fig. 4). Six States had losses in total employment and nine had increases of over 25 percent.

To illustrate the spatial and highly regional nature of employment growth and decline, over 1,600 counties were involved in the sharp decline of employment opportunity. Another 552 counties were included in those that barely held their own. The limited spatial pattern of opportunity growth is illustrated by the location of metropolitan areas (fig. 5). Counties with medium and small cities are shown in figure 6. Thus, opportunity growth in the United States has been and continues to be highly concentrated in relatively few locations, and is spatially limited to only a fraction of the total area of the Nation.

Table 1.--Change in total civilian employment 1950 to 1960

Size of city*	Percent change
Below 5,000-----	-22.4
5,000-9,999-----	+ 1.0
10,000-24,999-----	+ 8.6
25,000-49,999-----	+16.4
50,000 and over-----	+32.8
Total - United States-----	+14.5

*Based on classification of all counties by size of largest city.

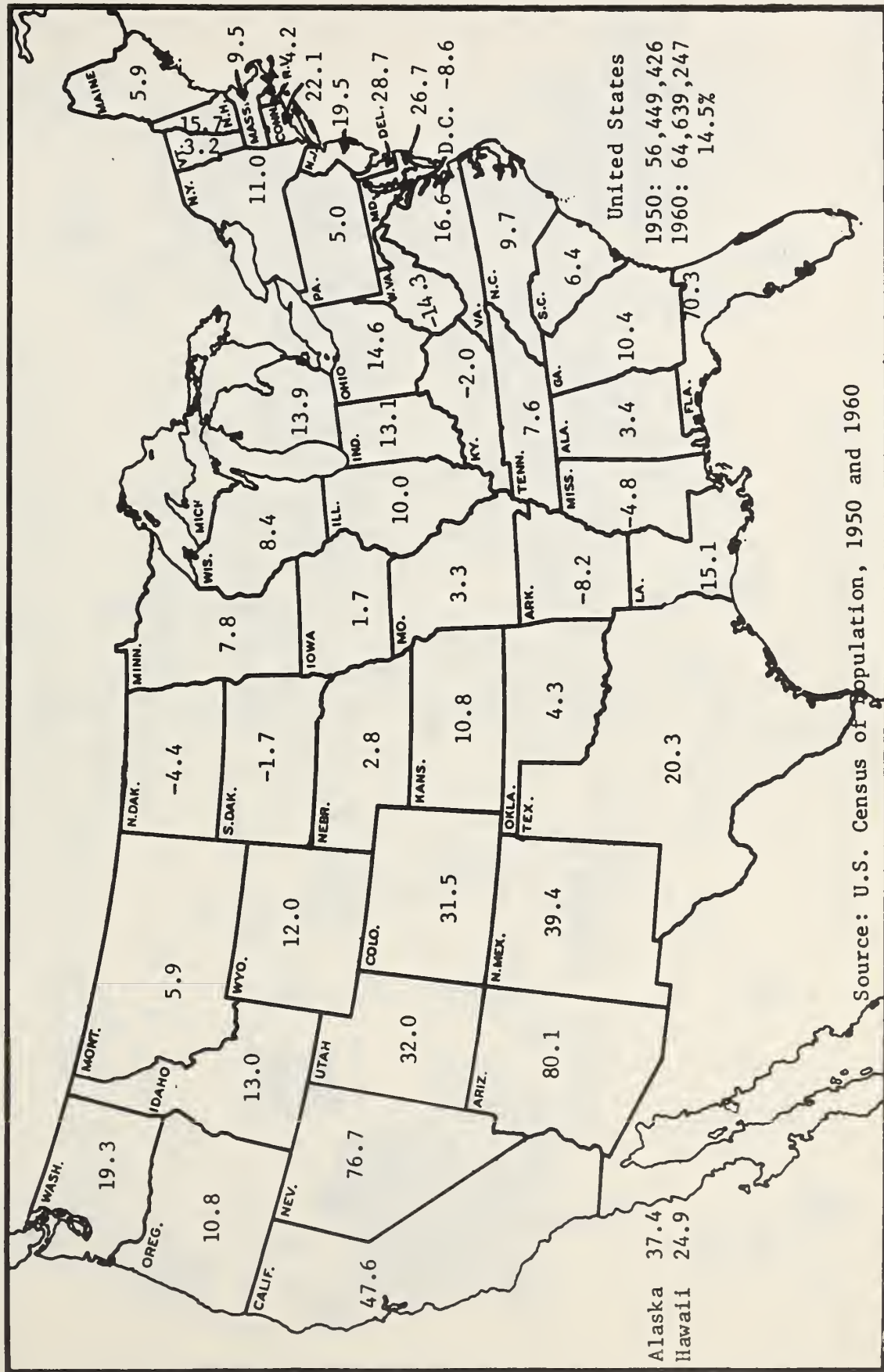
Includes Alaska and Hawaii.

Concentration of Public Sector Activities and Investments

Our fourth factor for consideration is closely related to the previous one. We want to place in perspective the great importance of the employment impact of public sector activities. Expenditures for the functions of Federal, State, and local governments comprise more than 20 percent of the gross national product. This factor, the subject for much needed development research, cannot be emphasized enough as a determinant of development and its location. We deal with it only briefly, pointing out some of the broader implications.

During the decade of the 1950's, and since that time, public sector activities have been of major importance in total growth, and employment development has been highly related to this factor. A major impact is in direct employment. Over 29 percent of total employment growth, 1950-60, was accounted for by direct employment in the governmental sector. All government civilian employment increased by 2.3 million during this period, primarily in State and local governments. These grew at the rate of 59.1 and 61.3 percent, respectively, while Federal employment increased by only 19.7 percent. Overall public sector employment increased by 47.8 percent, or more than three times the rate of total employment. Since 1960, the trend has continued and in 1962 about 9.3 million persons were employed directly in civilian government activities. Of these, 6.9 million were in State and local government (fig. 7).

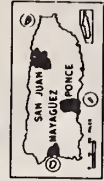
PERCENTAGE CHANGE IN TOTAL EMPLOYMENT, 1950-1960



Source: U.S. Census of Population, 1950 and 1960

STANDARD METROPOLITAN STATISTICAL AREAS: 1960

10

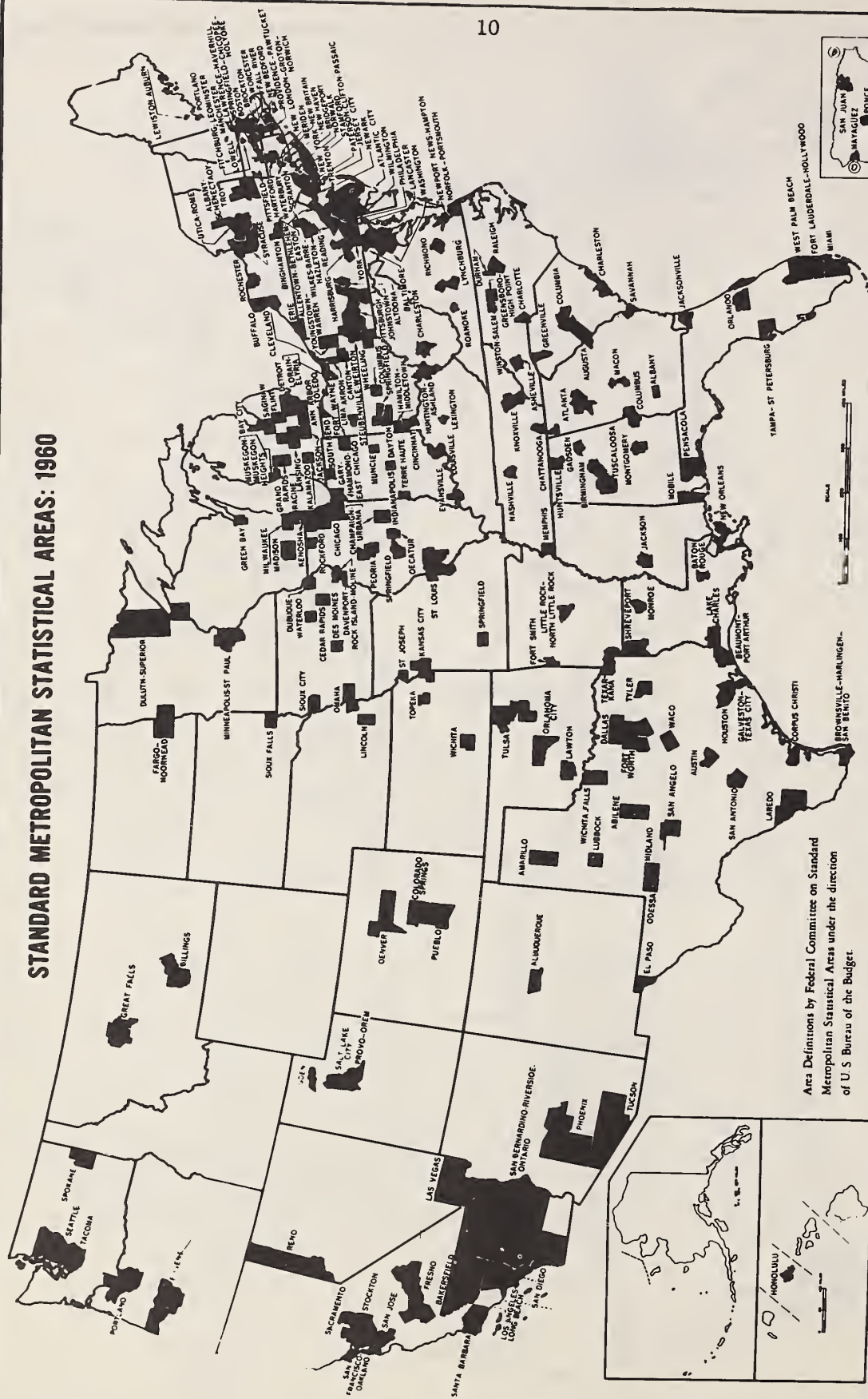


BUREAU OF THE CENSUS

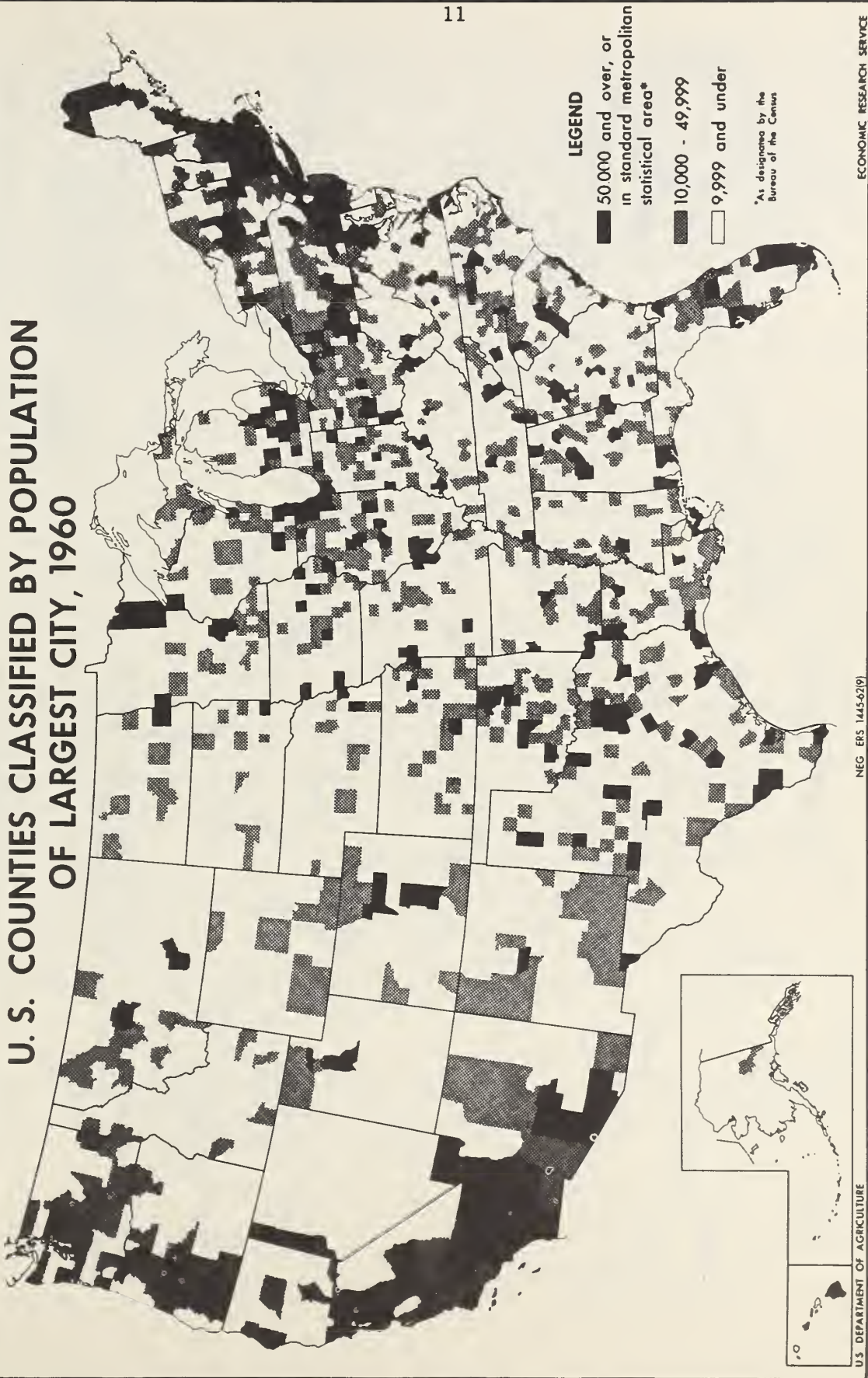
Figure 5

Area Definitions by Federal Committee on Standard Metropolitan Statistical Areas under the direction of U S Bureau of the Budget.

DEPARTMENT OF COMMERCE



U.S. COUNTIES CLASSIFIED BY POPULATION OF LARGEST CITY, 1960



NEG ERS 1445-62(9)

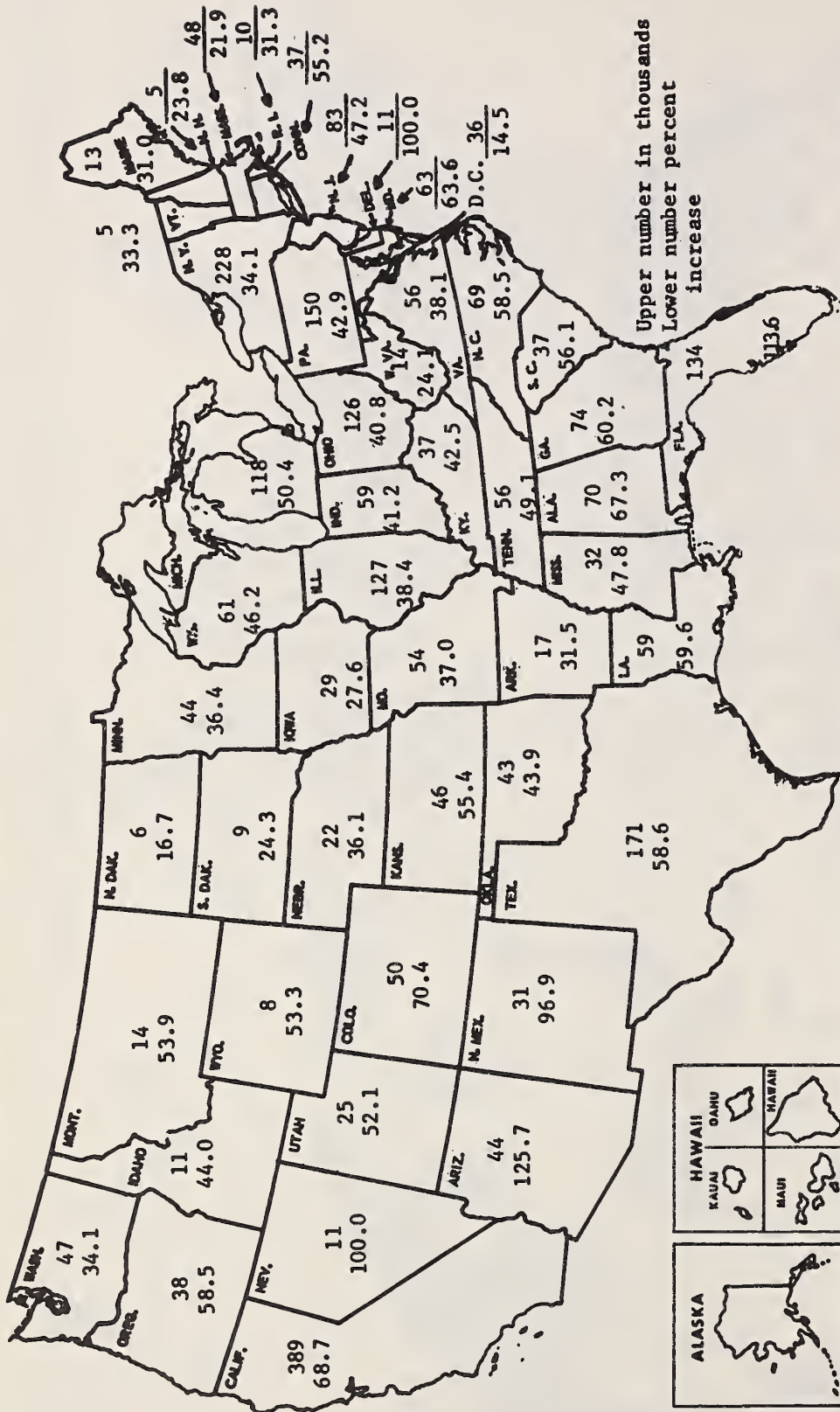
ECONOMIC RESEARCH SERVICE

U.S. DEPARTMENT OF AGRICULTURE

Figure 6

INCREASE IN TOTAL GOVERNMENT CIVILIAN EMPLOYMENT, 1950-62

12



Source: Statistical Abstract of the United States, 1952 and 1963.
AD-401.2 (Alaska and Hawaii not included)

United States Summary*

	1950	1962	Percent
Total	6,263	9,261	45.1
Federal	1,980	2,370	19.7
State & Local	4,283	6,891	60.8

Figure 7

A second impact on employment is the public sector procurement and supply activities at all levels of government. However, because of its importance in the overall picture, we shall use only the Department of Defense in our illustration. ^{2/} In fiscal year 1963, Defense Department prime contracts amounted to some \$28 billion. In terms of employment, this activity is of major importance, having a bearing on both growth and location of opportunity. It is estimated that 1.5 million persons are employed directly as a result of these Department of Defense public expenditures. If one applied the intermediate and Keynesian income and employment multipliers, total effective employment might be in the range of 3.5 to 4.5 times this number, or at least 5.2 million persons.

In total, public sector direct and indirect employment discussed here would be on the order of some 16.3 million, summarized as follows:

Civilian employment by Federal Government, 1962-----	2.4 million
Employment by State governments-----	1.7 million
Employment by local governments-----	5.2 million
Domestic military personnel-----	1.8 million
Direct and multiplier employment (DOD prime contracts)-----	5.2 million

It is obvious that the spatial location and direction of public sector expenditures are major determinants in the agglomeration of economic activities and therefore economic opportunities. Also, it is obvious that those products and services purchased by such expenditures as prime military contracts tend to be concentrated in highly metropolitan areas that have broad-based industrial complexes. As an example and to explain much of the regional variation in employment development, it is of note that out of the total of \$28 billion, 23 percent went to California, 10 percent to New York, 5 percent to Ohio and New Jersey, respectively, etc. Out of these prime contract awards, 100 companies and their subsidiaries received 74 percent. Only 5 companies received 23 percent, and 25 companies had over 50 percent of the total awards. If our analyses are correct, this would mean that California, for example, may have had as many as about 1.2 million total jobs created by this public sector expenditure.

^{2/} Source: Data on Department of Defense procurement and supply activities from "Background Material on Economic Aspects of Military Procurement and Supply, 1964," Joint Economic Committee, 88th Congress, Second Session, April 1964.

The geographic imbalance of funds for research and development is another example of further public underpinning of area and regional opportunities. Out of \$6.3 billion DOD research and development funds in fiscal 1964, 60 percent is in 3 States. Forty-one percent is in 1 State. The other big research and development agencies also concentrate their activities.

These data (and the specific locations) are not presented in a context of any evaluation. It is realized fully that airplanes and missiles cannot be built in small rural cities and crossroads towns. Highly complex research and development, too, are in the same category. Whether there can be a greater regional balance in these activities is another question, but we must recognize what such public sector expenditures have produced in the way of regional growth and development. It is relevant that under the Area Redevelopment Act only \$267 million of funds were available for job creation from the beginning of the program through September 30, 1964. ^{3/} Some 74,000 direct jobs have resulted, scattered in scores of locations. Many single corporations (including subsidiaries) receive much more than this amount of funds in any single year in prime contract awards. Also, many corporations make single capital investments as large or larger than the total Area Redevelopment investment.

The Outlook

What is the outlook for job and employment development for rural people and rural areas? In answering this question, we need to do two things: (1) reflect that outlook realistically, and (2) pose the issue that results from the outlook.

In the first instance and in words of a Disney fantasy tune, I would that "Wishing Will Make It So." However, based on our analyses, the outlook can be capsuled as "not good." There can be an optimistic tinge to this, as pointed out later. But the determinants, including public sector investments, are moving so overwhelmingly in one broad direction that regional imbalance in development likely will continue in the foreseeable future. Much that has occurred has built in features that further accentuate the trends, and favor certain regions over others. Responding to interregional differences in economic opportunity, demographic changes themselves become additional determinants of further economic activity. Shifts in market areas, in competitive positions of various economic activities, in types of economic activities and social overhead are all closely tied to the demographic shifts. Further multiplier impacts occur in broad categories. For example, the impact of tax cuts is heavily in favor of these rapidly developing areas. The play of interacting forces are such that regional inequalities may widen.

^{3/} "Directory of Approved Projects as of September 30, 1964," Area Redevelopment Administration, U. S. Department of Commerce.

Now the optimistic tinge--there has been considerable recognition of the problems of regional and area development, recognition that it is broad in scope and cannot be limited to one sector. Many of you are concerned with and are a part of the effort in Rural Areas Development. Literally thousands of local people are involved and can become part of the base for a decisive approach to the basic issues. We have already mentioned the efforts in area redevelopment. The recently enacted Economic Opportunity Act provides another vehicle by which some aspects of the general problem can be attacked. There is much development activity on the part of both public and private agencies, agricultural and nonagricultural.

A second point is that a large segment of the total labor force is rural, and has found opportunity in nonfarm employment. The number involved probably will increase slightly during the decade. Also, what has been said does not mean that opportunity development will not occur. Even some development will take place in the smallest centers.

The issue posed by this outlook is basically whether the past and current situation of extreme development concentration serves as the blueprint or whether we shall have regional and national employment development in dispersed growth centers. If the former, nothing additional need be done. The latter requires a decided and determined effort to modify the blueprint. The objective in regional and area development surely must be the establishment of an economic climate that will lead to expansion in widespread numbers of growth centers, bringing opportunity to greater numbers of people as well to areas.

It is imperative to realize that two problems of growth and development are highly interrelated, or perhaps are even the same. On the one hand is the economic backwardness and lag of broad regions and their literal depopulation. On the other is the agglomeration of economic opportunity and the piling up of masses of population in a few limited spaces. These are the opposite sides of the same coin. Each exhibits its ugliness, and each is involved in the basic issue. The problems of one are so intertwined with the other that the basic solution approaches each. Solutions to the increasing and massive social overhead costs and the diseconomies arising in megalopolis and other highly metropolitan areas can only be resolved through the expansion of more widely dispersed growth centers. This same policy will solve or reduce the widespread depopulation.

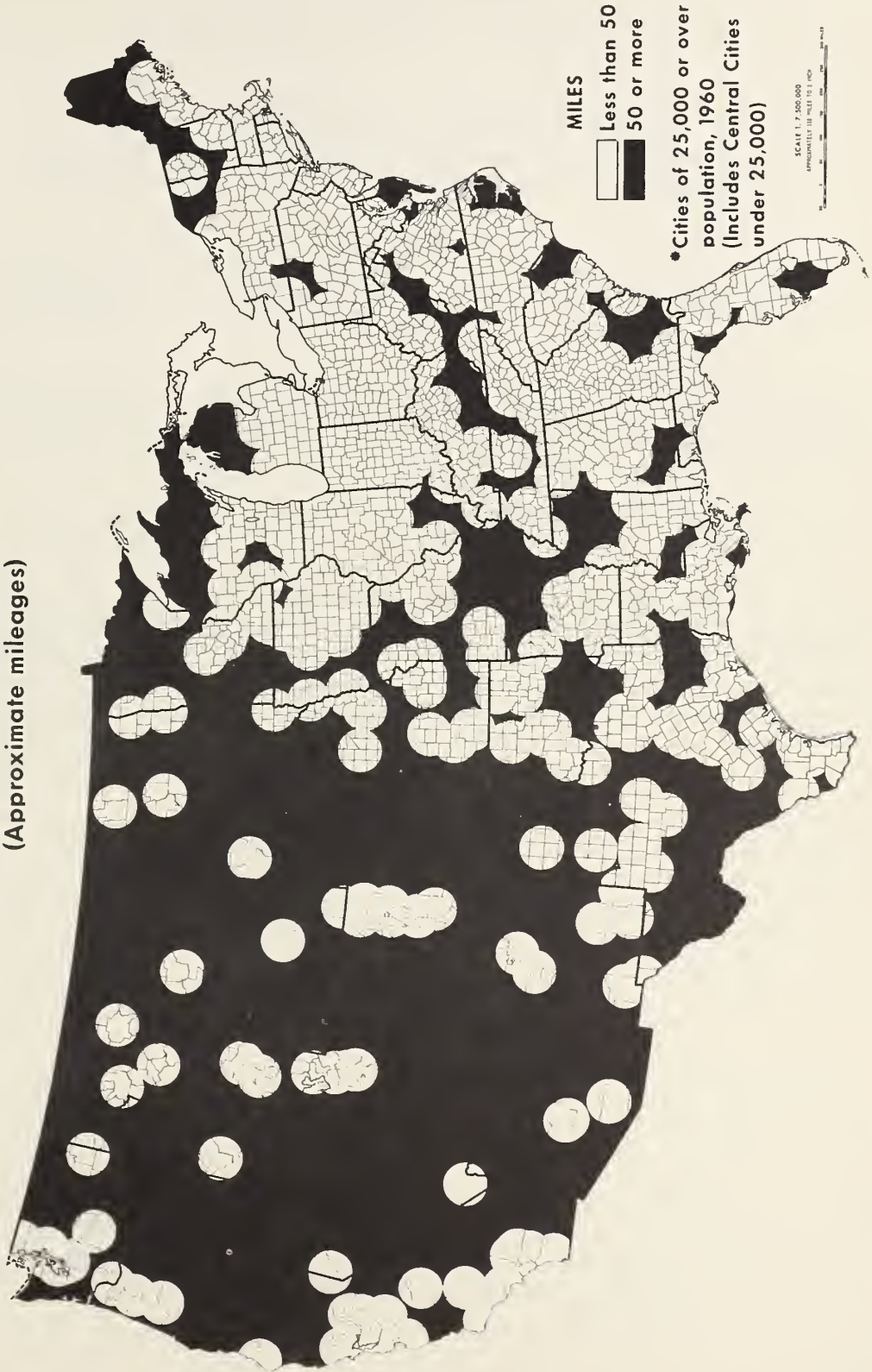
What are the prospects? One can only point to a wider recognition of the two phenomena. As Beale has said, the "power and the glory" lies in the metropolis, and much effort and resources have been and are being expended in this direction. But the other side of the coin has not received the required emphasis. In the latter case, potential growth centers are widely dispersed in our economy (fig. 6), and two-thirds to three-fourths of the rural population

lives within 50 miles, or commuting distance, of potentially viable growth centers (fig. 8). A deliberate growth and development policy could change the prospects for scores of these regions, for millions of people, and for the face of the Nation itself.

It is hoped that this outlook is educational in the meaning of Herbert Spencer, an English philosopher, who said, "The great aim of education is not knowledge, but action."

GENERALIZED COMMUTING DISTANCES TO POPULATION CENTERS*

(Approximate mileages)



UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

X RURAL YOUTH, SCHOOLS, AND JOBS +

Talk by James D. Cowhig
Economic and Statistical Analysis Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 10:20 a.m., Tuesday, November 17, 1964

Thirty years ago there was considerable concern about the "...problems of three million young men and women between the ages of 16 and 25 who have neither job nor school to occupy their time." 1/

Currently, concern is expressed about the "three million young people 16 to 21 years old [who] had dropped out of school before finishing high school.... Many of them will be handicapped in the job market for the rest of their lives unless they can return to school or are encouraged to seek further training." 2/

Then, as now, there was discussion of the influence of urban and rural environments on young people.

We should not be surprised that some of us participating in today's discussion were ourselves the subjects of similar conferences of 30 years ago. The Great Depression caused very serious social and economic problems, and the response to these problems involved marked social and economic changes in U.S. society -- changes accelerated by World War II. The full consequences of these changes were unforeseen by the best-informed experts of the day, and I suspect, fully comprehended by only a few of us today.

The persistence of this concern with youth emphasizes the necessity that any society, if it is to survive, must educate its young people and must provide them with opportunities to use their education and training to contribute to the maintenance and advancement of the society. In a society such as ours, where change is rapid, the education of youth takes place under conditions that differ markedly from those under which they will live and work when their formal education is completed. Many people today are working at jobs that did not exist when they were being educated.

In considering this general subject, we should keep in mind several changes in U. S. society that have important implications for rural youth. First, the United States is experiencing a rapid population growth that will result in a population of 200 million before the end of the present decade.

1/ Is There An American Youth Movement? E.L. Kirkpatrick and Agnes M. Boynton Circular 271, University of Wisconsin, November 1934. p. 5.

2/ Advance Summary, Special Labor Force Report. "Our Out of School Youth," February 1963. Bureau of Labor Statistics, U. S. Department of Labor.

Second, the country is becoming increasingly urbanized. Third, the rural population is a very heterogeneous one; only a minority of rural population lives on farms and a still smaller minority is solely dependent on agriculture. Fourth, there are changes in the occupational structure in the direction of a concentration in white-collar and service jobs, occupations that require a comparatively high level of education.

In 1960, there were about 53 million persons between ages 5 and 21, ages of school and college attendance. About a third (18 million) of these young persons were rural residents. By 1970, the total number of persons in this age group is expected to be 68 million, and despite the relative decline in the size of the rural population, the number of rural youths 5-21 years old will probably be no smaller in 1970 than it is at present. One reason why the problems of providing education and jobs for rural youth are so important is that rural women are producing children at a far greater rate than the rural economy is producing employment opportunities. In 1960, rural women 35-39 years old had borne about 40 percent more children than the number required to replace the generation, and there is no reason to think that the fertility of younger rural women will be any lower. Most of these children will spend at least a few years in rural schools.

Similarly, the number of persons in the United States 18-24 years old, ages when adult roles and responsibilities begin to be assumed, will increase from 18 million in 1963 to about 24 million in 1970 -- an increase of about one-third. By 1970, there will be more persons enrolled in schools and colleges than there were in the entire rural population in 1960.

These general comments should be kept in mind in considering the following summary of recent data on the education and labor force status of rural youth.

School enrollment. At ages 7 thru 15, between 93 and 98 percent of all children are enrolled in school. There were no appreciable urban-rural differences in school enrollment rates in 1960. At an average annual cost per pupil of \$472, an estimated \$6 billion was spent on the education of rural youth 5-17 years old.

The major urban-rural difference in school enrollment rates is in the proportion of 5-year-olds enrolled in kindergarten. In 1960, for example, almost half (46 percent) of all urban 5-year-olds were enrolled in kindergarten, compared with only about a fifth (22 percent) of rural 5-year-olds. A second urban-rural difference is in the higher proportion of rural than urban children who are retarded in school, that is, enrolled in a grade below those normal for their age. Among 15-year-olds enrolled in school in 1960, about one in eight of all urban children was in a grade below the norm for his age, compared with about one in five of rural children the same age.

School dropout rates. Between 1950 and 1960, the number of school dropouts among 16-24-year-olds decreased from an estimated 8.3 million to 6.5 million, and the dropout rate declined from about 41 percent to 30 percent. Dropout

rates were higher for rural than urban youths, and within the rural population, nonfarm rates were higher than those of farm youths.

But urban-rural differences in dropout rates largely disappear when factors such as parental income, the educational level of the parents, and fathers' occupation are taken into account. For both urban and rural 16- and 17-year-olds in families where the father had completed less than 8 years of school and where family income was under \$3,000, estimated dropout rates were identical -- 31 percent. In families where the father had completed high school and where family income was \$7,000 or more, urban and rural dropout rates were also identical -- 6 percent. Dropout rates were more closely associated with the educational level of the father than with variations in family income.

Children of farm operators dropped out of school at about the same rate as children of fathers in all occupations -- about 14 percent. The highest dropout rate was that for 16-17-year-olds in families where the father was employed as a farm laborer; and the dropout rate of about 30 percent was no lower for white than for nonwhite children of farm laborers.

In short, there seems to be little difference between urban and rural dropout rates when children from families of similar social and economic circumstances are compared. This means that the major reason for higher rural than urban dropout rates is the greater concentration of low-income families in rural areas, the higher proportion of rural parents with comparatively little education, and -- related to both of these factors -- the more frequent employment of rural parents in low-status occupations.

A second conclusion is that there is a very close relationship between school dropout rates and rates of school retardation. That is, dropout rates for young persons who have not made normal progress in school are higher than for those who have made normal school progress.

Occupations of rural school dropouts and graduates. Comparisons of the labor force status and occupations of young men 18-24 years old enumerated in the 1960 Census of Population, show that: (1) A substantial minority (17 percent) of young men with less than 9 years of school were out of the labor force, i.e., neither working nor looking for work. (2) Higher proportions of graduates than of dropouts were in white-collar jobs, even among rural residents. (3) Rural-farm dropouts with the least education were concentrated in farm occupations. (4) Unemployment was less prevalent among graduates than dropouts, but there were no important differences in the unemployment rates of dropouts with various levels of education. This latter finding emphasizes the importance of a high school diploma.

The higher proportion of urban than rural graduates in white-collar jobs is due to the greater availability of such jobs in urban than in rural areas, and to a lesser extent to the fact that since these young men have just begun their work careers, there has been little time for upward occupational mobility to occur. But a national study in which the occupations of nonfarm residents

were analyzed shows that about a third of the males 18 years old and over with a farm background were white-collar workers compared with about half of those who had no farm background. Whether this difference was due to education is not known.

College attendance. Both national and local studies show lower rates of college attendance on the part of rural than urban high school graduates. In 1960, about a third of rural high school graduates but almost half of urban high school graduates of 1959-60 were enrolled in college.

One of the important factors in determining college attendance was the high school curriculum in which students were enrolled. A higher proportion of graduates enrolled in the college preparatory class in high school attended college than those who had taken some other type of course. One reason for this is that young persons must make decisions about their schooling at an age when they may not be fully aware of the consequences of their decisions. For example, a choice of college preparatory curriculum rather than a vocational or commercial course of study in high school must be made around the 9th or 10th grade. This is often before the student has a clear idea of his occupational plans or of the educational requirements for the job he may desire.

That increased lifetime income is associated with additional education is well known; less well known is that differences in education account for only a minor part of farm-nonfarm income differences. For example, if males 25-64 years old living on farms had had the same educational distribution as those living in central cities in 1960, the aggregate income of farm males would have been increased by 16 percent. However, if the education of farm males remained unchanged, but their incomes had been the same as those of central city males with the same amount of education, the aggregate income of farm males would have been increased by 55 percent. This means that under existing income differences, an increase in the educational level of farm males to the level of central city males would have raised the aggregate income of farm males only about 30 percent as much as if farm and urban incomes for each educational category were equalized, with no improvement in education of the farm men at all. Income differences between farm and urban residents are due less to differences in education than to differences in occupational distributions and the associated lower earnings of farm males in agriculture.

Rural schools. In 1962, some \$18 billion was spent on public elementary and secondary schools in the United States; about 37 percent of total direct general expenditures of the State and local governments were for education, by far the largest single item of expense. The most recent national data on rural schools are for the 1955-56 school year. ^{3/} This survey showed that the more rural the county, the fewer pupils enrolled per school and the fewer teachers

^{3/} Statistics of Rural Schools. A U. S. Summary, 1955-1956. Circular No. 565 U. S. Department of Health, Education, and Welfare. May 1959.

per school. Further, the most rural counties paid smaller salaries to teachers, had lower expenditures per pupil, except for transportation to school, and received proportionately greater financial support from Federal and State Governments.

One important change that has taken place over the last several decades is the consolidation of elementary schools from about 248,000 in 1930 to about 96,000 in 1962. One-teacher schools numbered almost 150,000 in 1930 but only about 13,000 in 1962, reflecting, in part, consolidation of school systems in rural areas.

Information from the 1960 Census shows that a higher proportion of urban (78 percent) than of rural (70 percent) teachers with experience in teaching at elementary and secondary levels had completed college.

Although precise measurement of something as elusive as the quality of education is difficult, many of the indicators of educational quality suggest that rural youth are at a disadvantage. A strong case can be made for the argument that high rural rates of school retardation and school dropouts, the generally lower scores of rural than urban children on tests of aptitude and intelligence, and lower rates of college entrance by rural than urban high school graduates are related to the characteristics of rural schools as well as to the characteristics of individual students and their families. Also, the lower salaries of instructional staff in the most rural counties place these schools at a competitive disadvantage in obtaining the best qualified and most competent teachers.

James Conant has suggested that a high school with a graduating class of less than 100 students cannot offer the educational preparation required for admission to college and for satisfactory college performance. Whether the number of 100 is precise is less important than the fact that the small schools--proportionately more of which are in rural areas -- do not supply the staff or equipment to offer the type of education to prepare students for college entrance or for filling occupations requiring technical or specialized training. 4/

Discussion. Let me suggest some general conclusions that are implicit in the foregoing data and make some guesses about the outlook for rural youth.

1. From what has been said about the heterogeneity of the rural population and about the importance of social and economic influences on educational attainment, it should be clear that rural-urban comparisons are only first approximations to an adequate description of events occurring in the population.

4/- For a discussion of these and related issues, see: Theodore W. Schultz. "Underinvestment in the Quality of Schooling: The Rural Farm Areas." Investment in Human Capital Series. Paper 64:04, August 10, 1964. (Prepared for the National Agricultural Policy Conference, September 1964.)

2. The most desirable and best paying occupations generally are in urban areas. Most rural youths who desire these occupations will migrate to the urban community. Rural youths who attend college have made the first of what will probably be a permanent move out of the rural community. Most of them must leave to attend college, and most will have to seek employment in urban areas if they are to achieve the occupations for which they have been educated.

3. Employment opportunities in farming will continue to decline, due in part to the decline in the number of farms, farm consolidation, increasing capital requirements for entry into the occupation, and the continued technological advances that reduce the need for manpower. Estimates made in ERS indicate that in 1970 about 1.1 million new jobs will be required for rural residents 14-24 years old. This estimate does not take into account the number of jobs that may disappear due to technological change.

4. Education beyond high school -- whether the traditional liberal arts college or specialized education -- will become increasingly important in occupational placement and advancement. Competition in a labor market where a high school education is a minimum requirement for employment means that youths without a high school diploma will have increasing difficulty in obtaining employment.

5. The major difference between urban and rural youth in school enrollment will be in the proportions entering college rather than in the proportions enrolled in lower level schooling.

6. In efforts to pay the costs of providing education to an increasing population, we will see a continuation of the consolidation of rural school systems. But we should expect changes in the content and quality of rural schools to be relatively slow. As a result, more youths than can find agricultural employment will continue to be enrolled in vocational agriculture in high school, and fewer rural youths will receive the other types of vocational training they eventually will need.

7. We can expect to see the persistence of current social problems associated with low levels of education. But, because of the heavy migration out of rural areas, we will see part of the costs of these problems transferred to urban communities.

8. There are several important policy implications that should be mentioned. One is that an effective policy must be one that recognizes that problems such as that of "the school dropout" result from a long process in which the family, the student, and the school are part. The very awareness of the problem of school dropouts is implicit recognition of flaws in the process of growing up. It requires a long-range view to realize that programs affecting children just beginning their education are necessary to effect a significant change, and that it is much more difficult to attempt to salvage dropouts when they are young adults. It also requires a long-range view to realize that the benefits of specialized technical or vocational training are limited if the student does

not also acquire a sound basic education which will enable him to use his abilities in adapting to changes that make very specific skills obsolete.

A second implication is one that many find difficult to accept -- that problems such as these cannot be solved simply by appropriating money, though that is important. We see this clearly in attempts to conquer space, where problems of the time, preparation, skilled technical personnel, and state of the art at a given time require a great deal more than massive fiscal injections; perhaps we see it less clearly in the case of providing education.

Last, but far from least important, is that effective educational policies must be based on valid and current information developed from continuing programs of research. Without the analysis of basic data on education, we would not even be aware of some of the issues discussed here today, and the formulation of action programs would be much more difficult than at present.

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary

X WORLD FOOD NEEDS AND WORLD FOOD POLICY +

Address by John A. [Schnittker]
Director, Agricultural Economics
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 2:00 P.M., Monday, November 16, 1964

Hunger remains one of the major problems facing the world today. The outcome of the race between population and food supplies hangs in the balance---depending on the skill and the will with which all of us run the race. It is essential, therefore, that we know how far we have gone in assessing the world's food problem, and to address ourselves to the question of reducing the world's food deficit. In the cause of peace, and for the good of mankind, it can be reduced or eliminated if we will make the effort.

The Department of Agriculture published its first world food budget in late 1961. 1/ It gave us an idea of the magnitude of the world's total food deficit; and it showed each deficit region's approximate share of the shortage.

Last fall, we published Man, Land and Food, 2/ which emphasized that world population growth---especially in less-developed regions---was canceling most of the gains in food production. It showed that further gains in food production would have to come, not so much from new lands, but largely from raising the productivity of land already in use. The report showed that North America has the world's largest food potential for the future.

Two reports published recently also stress the problem of world food supplies. In its recent annual report, the Food and Agriculture Organization of the United Nations notes that the world produced less food per person in 1963-64 than in 1962-63. 3/ According to preliminary indication it may be down still further this year with declines

1/ Foreign Regional Analysis Division, Economic Research Service. The World Food Budget, 1962-1966. U.S. Dept. Agr., For. Agr. Econ. Rpt. 4, Oct. 1961.

2/ Brown, Lester R. Man, Land and Food, Looking Ahead at World Food Needs. U.S. Dept. Agr., For. Agr. Econ. Rpt. 11, Nov. 1963.

3/ Sen, B. R., Director General of FAO. The State of Food and Agriculture. The Food and Agriculture Organization of the United Nations, Oct. 1964.

continuing in Asia and Latin America. Also late last summer, Dr. Raymond Ewell of the State University of New York at Buffalo argued that the underdeveloped world is on the threshold of the biggest famine in history.

A major report issued by the Department of Agriculture in October may help to put the situation into better perspective. ^{4/} True, as Dr. Ewell said, the world faces a serious problem. But we view the problem less pessimistically. Assuming economic and political stability and an accelerated rate of economic growth in the developing countries, modest per capita gains in food supplies can be achieved.

The World Food Budget, 1970, using these assumptions, projects:

--- An improvement of about 10 percent in per capita consumption in food deficit regions during the 1960-70 decade --mostly because of greater imports.

--- Food production within these areas accounting for only about one-third of the increase in consumption. In other words, production per capita will gain by about 1/3 of 1 percent a year.

--- The rest of the increase coming from food imports. These will rise from \$3.2 billion worth of food in 1959-61, to about \$4.6 billion in 1970. The United States is expected to provide close to half of this amount, most of it under the Food For Peace program.

Thus, we can see some possible improvement by 1970. But this does not mean that the food problem will be close to solution in 1970. Nor does it mean that improvements in diets can be expected in all food-deficit areas.

The improvement in many cases will be from dismally insufficient to less insufficient levels, rather than from barely adequate to adequate levels. In India, for example, daily calorie intake per capita in 1959-61 was about 2,000. Ours was nearly 3,200.

Nevertheless, a net improvement, overall, is projected.

But there will still be a very burdensome nutritional gap in the diet-deficit area in 1970---a gap between the food that will likely be available and the extra food it would take to bring diets up to an

^{4/} Foreign Regional Analysis Division, Economic Research Service. The World Food Budget, 1970. U.S. Dept. Agr., For. Agr. Econ. Rpt. 19, Oct. 1964.

adequate level. The reference standards used in judging adequacy fall far short of what we would consider acceptable for developed countries. The minimum for animal protein, for instance, is scarcely one-tenth of our current consumption levels. The standards also fall short of what the people of developing countries might think acceptable, as their own expectations and aspirations keep rising.

How big a food gap are we talking about here? It's a gap that would take \$6.8 billion worth of food to fill in 1970.

In considering this overall nutritional deficit, however, we need to remember that 62 percent of it is in Communist Asia. The food gap in the Free World amounts to \$2.5 billion. This is in addition to the projected increase in commercial imports and imports under the Food For Peace program. Suppose you want to order enough food to end such a deficit? First, you requisition that share of the U.S. wheat crop now reserved for domestic use--we've exported an average of almost two-thirds of our last two wheat crops. Then, you take half of all the milk produced last year in the United States--or 5.5 billion pounds of nonfat dry milk. Third, throw in one-fourth of this year's soybean crop--3.2 million tons of soybean protein concentrate. Finally, top off the order with one-third of U.S. production of vegetable oil for a year--3.3 billion pounds.

The size of this order is not beyond the scope of the imagination for developed countries to consider in ensuring everyone in the Free World a minimum, adequate diet. But it is a large order.

If my talk so far is reassuring, I hope it does not give comfort to complacency. The food problem remains acute. Consider for a moment the uphill battle facing most countries where diets are inadequate. Their populations are growing twice as fast as those in developed countries. Their food production gains, however, barely match those of developed countries--even though they are desperately trying to produce more food while we have too much.

Roadblocks in the way of these food-deficit countries in their drive to get more food are truly frustrating. Yet, some people say, "We did it, why can't they?" Remember, during our period of most rapid population growth, all we had to do was open up new land--arable land--for the newcomers. Most countries now in that stage of growth have no such easy alternative.

Instead, they have to get more food out of the land they are already working. And, as we experienced in our own development, that takes capital (which they are woefully short of), an educated food producer (their farm workers generally are illiterate), and the price incentive to produce (can there be much drive in an under-nourished farmer who has little hope of reward?).

Yet, for any substantial long-run betterment in diets, the under-developed countries are going to have to do the job themselves.

We cannot wash our hands of the problem, however, by recognizing that its resolution is largely in other hands. Arnold Toynbee, the British historian, was perhaps a little too dramatic when he said, "It is certain that if I, the affluent minority, refuse to be my brother's keeper, I shall sooner or later become this hungry majority's victim." But he had a point.

The food problem is an opportunity for us to do something that needs doing, because it is a sensible thing to do. It reflects a rare combination of humanitarian response and business acumen. Shall we show contempt--or compassion--for people seeking the kind of freedom we enjoy? Shall we neglect--or cultivate--our future prospects for vital growth in trade? The sensible answers are obvious.

Concerning trade growth--and Ray Ioanes ^{5/} will have a lot more to say about it --U.S. farm product exports in 1970 are projected in the World Food Budget to be around \$7 billion. That compares with last year's record \$6 billion. But this projected increase--as well as the projected slight improvement in diets in food-deficit areas--was based upon the assumption that Food For Peace aid would continue about at current levels. Knock out food aid, and you imperil deficit-area progress and endanger U.S. trade growth.

I prefer a positive approach to food aid. What positive good does it do, other than help us with our own problems of overproduction?

Clearly, it helps relieve hunger. That is the first and most obvious requirement in development. A hungry nation is not a progressive nation.

But in addition to providing much-needed food, aid does other things. Passive people can get by on a low-quality diet, but active people need a high-quality diet. And, to be viable, a country must be well stocked with human energy--gained from sufficient food. More and higher quality food is needed for people building the new factories, roads, dams, and schools that are tools of advancement.

We know, too, that a direct relationship exists between food supply and learning ability, especially in young children. Very young children, if deprived of certain essential growth elements, may never develop fully. For today's hungry children to become responsible adults, it is essential that enough food of the right kind be made available.

^{5/} Administrator, Foreign Agricultural Service, U.S. Department of Agriculture.

Food aid also helps hold down inflation. As a country develops and more people get new jobs or better jobs, the people immediately try to eat better. This rising demand, if food supplies are scarce, leads directly to inflated prices. If inflation gets serious, wages do not buy enough, and many benefits of economic growth are undone. We see this in many developing countries where consumer supplies, including food, fail to keep up with economic development. When food prices get too high because of scarce supplies, the only permanent remedy is to increase the supply--through more local production, or more imports, or both.

Food obtained from outside a country, such as that under Title I of Public Law 480, helps it raise local development funds this way. The receiving country sells the food to its own people and uses the money to pay the United States. In turn, we usually make available much of this foreign currency to the country for its own use in financing economic development. Throughout the 10 years of the P.L. 480 program, \$7.6 billion of foreign currencies have been made available through development grants or loans.

Finally, food aid permits countries to save foreign exchange needed for the import of industrial goods. Developing countries hardly ever have enough things to sell in the world market and nearly always have low foreign exchange earnings. When they use their limited convertible exchange, such as gold or dollars, to pay for food imports, they lose much of their ability to pay for imports of the essential "hardware" of development--factory equipment, trucks, locomotives. When the exchange buys food and that food is eaten, there will be less hunger, but there will not be much economic development. But when the food is obtained through special arrangements that do not drain foreign exchange, another forward step is taken in the development process.

Food aid also raises problems which cannot be overlooked at home or abroad. What should it consist of? Does it slow development in recipient countries? How can it be financed?

We in the developed countries have the resources to help the rest of the world get on its feet. We have the technical knowledge to show it how to make its own progress. We have a golden opportunity to support, speed, and ensure progress in developing countries--and in prosperous Free World nations.

This can be an investment that pays liberal dividends in terms of Free World trade and Free World cohesion and security.

We cannot afford to forget that today's prosperous countries provide our best markets for farm products. But the more we help the developing nations to become prosperous, the greater our chances to sell more of our products to them in the future--not under special

terms, but for cash. In the future, if we are to sell to the world what our farms are capable of producing, we must look increasingly to this great underdeveloped market.

I have spoken of improved trade under improved world economic conditions, brought about through constructive use of food and technology. But even more important than trade is the matter of Free World cohesion and strength. History for the next hundred years will be sharply affected, if not determined, by how the emerging nations develop. We have an opportunity now to influence that development---for their good and ours.

[70-300]

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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

+ VARIATIONS IN FOOD PRICES +

Talk by Rosalind C. Lifquist
Marketing Economics Division
at the 42nd Annual Agricultural Outlook Conference
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Food is one of the "Better Buys" in this Country. Today we are purchasing more of the foods we like, more foods that are partially or wholly prepared for the table, and more kinds of foods the year around than we did even a few years ago. And, yet, the share of our take-home pay going for food is at an all-time low.

Why then do we read so much about the "high cost of food"?

Why do consumers complain about "high" food prices?

Do they know what food prices would be today if they had kept pace with incomes? Or if they had kept pace with the purchasing power of a dollar? Do they actually know how big their food bill is?

When we talk about prices being "high," or "reasonable," or "low," it implies a comparison of some kind--to some other time or, possibly, to prices of other things a family buys. Just how do food prices today compare with those 10 years ago? What has happened during this intervening period?

In discussing variations in food prices, I would like to consider them in the following contexts:

First, the national picture when income is related to food and other expenditures for current living;

Second, variations in prices of important kinds of foods and food items over a ten year period;

Third, variations in prices during a shorter period of time, within one shopping area and the effect of these changes on a family's weekly food bill; and

Fourth, the effect of important factors other than prices on a family's food bill.

FOOD EXPENDITURES AND INCOME

Our national records of food expenditures tell us that in relation to after-tax income we have fared well. For, even though per capita food expenditures increased 13 percent between 1954 and 1963, disposable personal income went up 34.3 percent during the same period. If we relate these two figures, we find that the share of our after-tax dollar going for food declined from 22.4 percent in 1954 to 18.9 percent in 1963. More recent data show that this trend is continuing. During the second quarter of 1964 (April through June) food expenditures represented only 18.4 percent of our disposable personal income--the lowest percentage in our history.

These statistics measure changes in terms of current dollars. If we consider the same data in terms of 1963 dollars (to take out any inflationary effects), the picture is indeed a good one. (Slide 1, see page 12). On this basis, our take-home pay increased 18.6 percent, while food expenditures were about the same as in 1954. Hence, a net income gain for other uses.

Another set of national records, the Consumer Price Index, shows that since 1954, food prices have risen 10.2 percent. When we examine the two components that make up this index, we find that prices of food away-from-home increased 24.5 percent while those of food at home went up 7.5 percent --and, of course, changes in prices at the grocery store are important to families. (Slide 2; page 12).

To put changes in the food index into the proper perspective, however, it should be compared with those of other components of the Consumer Price Index. This will show that increases in food prices have been smaller than for most other goods and services. The only commodity that increased at a slower rate than food during this 10-year period was apparel (not including upkeep) which went up 7.1 percent. Housing costs increased 13.5 percent; transportation, 18.7 percent; personal care, 21.9 percent; and medical care, 35.1 percent.

VARIATIONS IN AVERAGE FOOD PRICES

What has happened to prices of major commodities and food items during this same ten year period?

The Consumer Price Index shows that unit prices for some fruits and vegetables and cereal products have increased considerably since 1954. Some of these have gone up even more than our purchasing power, hence, are higher in price today than in 1954 in the terms that affect us most. White bread is an example of this. In 1963, consumers paid an average price of 21.6 cents for a 1-pound loaf of bread--a new high--and 26 percent above the 17.1 cents paid in 1954. 1/ Most of this rise has come from

1/ Spreads in Farm-Retail Prices of White Bread. Misc. Pub. 969, Economic Research Service, USDA, Sept. 1964.

increases in production and distribution costs and without any significant changes in services rendered such as have occurred for a number of other food items.

Prices of vegetables and fruit increased about 23 percent, with the most significant change coming in fresh fruit and vegetables. Canned vegetables and fruit increased about 15 percent.

But there is another side to this story and a very important one. Within each of these groups, some foods have remained at approximately the same price as in 1954; for example, rice, bananas and some of the canned fruits and vegetables. Others are actually better buys than they were in 1954, even in terms of their current price. The price of chicken, for example. In 1954, whole fryers, ready-to-cook, averaged 53.8 cents per pound; in 1963, they were 40.1 cents. And, during recent years they have been available in many markets at special prices of 27 cents a pound, and occasionally even lower than this in some markets.

VARIATIONS IN MEAT PRICES 2/

As meat is very important in a family's food bill, let's examine expenditures for, and prices of, these products.

Since 1954, we have increased both the quantity of, and expenditures for meat (table 1, page 11). The average U.S. Consumer spent about \$92 for meat in 1963, \$15 more than he spent in 1954. Nevertheless this \$92 was a smaller share of the average personal disposable income--our after-tax income--than was the \$77 in 1954. Furthermore, the average consumer got 10 pounds more meat in 1963 with this smaller share.

Expenditures were increased by a combination of higher prices and greater consumption, with both sharing about equally in their effect. But, it should be noted that meat prices increased about 7 percent between 1954 and 1958 and only around 2 percent during the 1958-63 period. Therefore, higher expenditures in the 1954-58 period were largely due to higher prices, while, in the more recent period, these have come from increased consumption.

Slide 3, (which compares changes in food prices, meat prices and after-tax income), shows that, in 1956, meat prices as compared to after-tax income were almost as favorable as in 1963. In other years, however, meat prices were not as favorable, particularly during the period from 1957 through 1959.

A decided shift in expenditures for the various kinds of meat occurred, also, with those for beef increasing nearly 40 percent over 1954. This was

2/ Unpublished data furnished by J. Bruce Bullock, Agricultural Economist, Marketing Economics Division, Economic Research Service, USDA, Washington, D.C.

almost a direct shift of expenditures from pork and veal to beef. During this period, veal prices increased most--37 percent. These were followed by beef, up 18 percent and lamb, up 9 percent. Pork prices went down about 11 percent --from 64.8 cents per pound in 1954 to 57.5 cents in 1963.

Weighted price, per pound, for meat, beef, veal, pork
and lamb, 1954 and 1963

<u>Food</u>	<u>1954</u> Cents	<u>1963</u> Cents
Meat	66.6	72.9
Beef	68.5	81.0
Veal	61.6	84.5
Pork	64.8	57.5
Lamb	66.3	72.6

Relationship

Meat	100.0	109.5
Beef	100.0	118.2
Veal	100.0	137.2
Pork	100.0	88.7
Lamb	100.0	109.5

Slide 4 pictures what happened to beef prices in terms of both current and 1963 prices. It shows that, in terms of current prices, the yearly average price, per pound, for beef was equal to or higher than for 1963, 5 out of the last 6 years. (Table 2, page 13). Expressed in terms of the purchasing power of 1963 dollars, beef prices were lower in 1963 than at any time since 1957. (Table 3, page 13). On this basis, beef averaged 78.1 cents per pound in 1954 compared with 81.0 in 1963.

The prices just discussed were weighted according to the relative quantities of various cuts purchased. Hence, they tell us little about prices of individual cuts and may not convince the family shopper that meat is reasonably priced. So, let's see what has happened to the price of chuck roast, blade-in, a cut used by families at all income levels. In 1954, the average, all-U.S. price was 51.4 cents per pound; in 1963 it was 60.3 (up 8.9 cents per pound during the 10-year period). If the price had kept pace with income (current prices), it would have been 69.1 cents in 1963; if it had kept pace with the purchasing power in terms of the 1963 dollar it would have been 61.1 cents in 1963. By either of these measures, blade-in, chuck roast at 60.3 cents a pound was a better buy in 1963 than it was in 1954. And so far in 1964, prices have been lower than in corresponding months of 1963.

Table 4 on page 14 shows the yearly U.S. average price (BLS) in 1954 and 1963 for a list of foods and what these prices would have been in 1963 if it is

assumed that the 1954 prices changed as much, percentagewise, as (1) per capita disposable personal incomes, and (2) purchasing power in terms of 1963 dollars. Of these items, which are important in family expenditures, only bread and sugar prices were unfavorable in terms of the purchasing power of the 1963 dollar. During the first half of 1964, prices of both of these products have dropped a little--from 21.6 to 21.4 cents per pound loaf of bread and from an average of 67.9 cents for five pounds of sugar to 66.2 cents.

VARIATIONS IN FOOD PRICES IN ONE SHOPPING AREA

National statistics may be valuable for overall appraisals--to tell us the direction we are traveling and how well we are doing at a point in time. On the other hand, a homemaker may see little application of these to her situation. She is sure she spends more than 18.9 percent of the family's after-tax income for food and--she may be right. Then, too, her concept of disposable income may be somewhat different than is implicit in national estimates. To her, it may be what she has left after rent, store bills and installments on the car have been paid by check. If she has a monthly allowance for household operation, it is likely that food takes a fair share. And, it usually takes "cash" from her purse each time she shops for "groceries"--which few other things do today.

Average figures seldom fit many families. The price of chuck roast weighted to provide a yearly average for our Country as a whole can be different from one in an individual store on a particular Tuesday or Friday during the same year. So, now, let's turn our attention to prices of food in two supermarkets in a shopping area serving middle-income families in Greensboro, North Carolina. These supermarkets are fairly typical. They provide the usual variety of food and types of services found in similar supermarkets around the Country, when judged according to statistics in trade publications.

What did happen to prices? How often did they change? On what kinds of food? How much over a three-month period? Over a year's time?

To ascertain changes during this period, Tuesday and Friday prices for about 115 of the same items in each of the two stores were examined. An item refers to a specific cut of meat, a vegetable or fruit, or to a specific brand of a specific form of a product, in a specific size or weight of container. For example, #303 can, Brand X, French style, Blue Lake greenbeans. The items selected were representative of foods commonly purchased by families and the same ones used in estimating the cost of weekly market baskets which will be discussed later.

Considering both stores together, prices of 228 items changed 588 times or an average of 2.6 times per item during this 13-week period. However, nearly 4 out of 10 of these items did not change in price even once during these 3 months. Of all foods included, there were only five kinds where the brands priced--both national and top quality store brands--did not change in price in

either store. These include navy beans, rolled oats (quick cook), prunes, granulated sugar and flavored gelatin.

Fresh products were responsible for almost half of the changes in price. These averaged 7.6 changes per item compared with 2.6 for national and 3.6 for store brands. When we pursue this still further, we find that prices of some items changed more than once a week--for example, bacon, ground beef, pork chops, chuck roast, chicken, eggs, sweet potatoes, fresh tomatoes, cabbage and lettuce. (Table 5, page 15)

Slide 5 shows changes in the price of chuck roast, blade-in, in the two stores on Tuesdays and Fridays during the entire survey year. Dots on each line indicate Friday prices.

As you can see, there was considerable variation. Prices were identical in these stores on Tuesday and the following Friday during only three different weeks. In other words, it would not have paid the customer to shop around if price were the only criteria. On each of two other Tuesdays and two Fridays, prices were the same in both stores, and this was the extent of exact comparability. In spite of all this variation, however, the yearly average prices for Fridays in each of these two stores were remarkably close and those for Tuesdays were not very far apart (Table 6, page 16).

Undoubtedly, of most interest to family shoppers are actual differences in price per pound. During this year, Tuesday prices averaged from about 7 to 10 percent higher than Friday (weekend) prices. Differences within a store varied from no change in the price of chuck roast from Tuesday to Friday to as much as 30 cents a pound. One store changed prices more often than the other, but the second tended to reduce the price by a larger amount, on the average, when prices were changed. (Table 7, page 16).

With so much variation in price, not only within the same shopping area but even within the same store, how can the family shopper tell when to buy?

One way, of course, is to study ads in local newspapers. 3/ For example, on 20 weekends during this year, these stores advertised chuck roast at "Special" prices ranging from 33 to 49 cents a pound. If a family had purchased 5 pounds on each of these sale weekends, the bill would have been \$39.30. If, however, the same quantity had been purchased on the weekend following the advertised "Special," it would have cost \$62.30, or \$23 more. Sale prices averaged 39 cents a pound as compared with 62 cents on the following weekend. Prices the weekend before the sale presented much the same picture.

Table 8, page 17, provides information concerning the frequency with which a few other items were advertised during a 17-week period from

3/ Unpublished data furnished by John J. Galvin, Industry Economist, Marketing Economics Division, Economic Research Service, USDA, Washington, D.C.

September through December 1962, and what happened to the price on the following Tuesday. In general, it shows that, following weekend sales, prices tended to return to the same price charged the preceding Tuesday.

What do these variations in prices mean in terms of the family's weekly food bill? What happens to the total bill when some foods go up in price and others go down? When some foods are on sale at a considerable reduction in price and others at only a penny or two?

Of course, much depends upon the relative importance of the item in the family's food pattern. Increases in the price of fresh mushrooms may not affect the food bill to any great extent, on the other hand changes in the price of meat, which may represent from a fourth to a third of weekly food expenditures, will be important.

To appraise the overall effect of variations in prices, the weekly cost of two market baskets were estimated. Prices on Tuesday and Friday for each of 64 foods were averaged, by month, for the period September through November, 1962. These were weighted to represent purchases of food within each of 11 commodity groups and applied to the quantities suggested in the USDA moderate- and low-cost family food plans for a family of four.^{4/} This family consisted of a young husband and wife, and two pre-teens.

Two types of estimates of the weekly cost of these market baskets were made: (1) using prices of national brand items only, and (2) using the lowest price in either of the two stores among national and top-quality store brands when available. Fresh foods priced were the same for both estimates. Point of purchase signs in one store stated that beef was U.S. choice; some of that sold in the second was identified by the store's own top-quality label and the rest by packers brand.

These estimates showed that there was some variation in the average weekly cost of the market basket each of these months from store to store. For example, in Store A, the average weekly cost of the market basket at moderate cost for a family of 4 in September 1962 was \$32.02. In October, it averaged 13 cents less, and in November, 44 cents more than in September (Table 9, page 17).

The variation in Store B differed from this in that the average weekly cost was highest in September and decreased in each of the following two months. The average weekly cost in November was \$1.64 less than in September.

A surprising fact, however, is that the average cost of this weekly market basket for the 3-month period was virtually the same in the two stores. Hence, if a consumer had purchased the entire basket of groceries in either store, the

^{4/} Agricultural Research Service, USDA, Table 4, page 9, and Table 6, page 11, Family Food Plans and Food Costs, Home Economics Research Report No. 20, November 1962.

average price over these 3 months would have been almost the same. Nevertheless, during this period there were enough differences in prices from store to store for a consumer to cut her bill somewhat by shopping around. And, if the shopper were willing to choose the lowest priced product from among national and top-quality store brands in the two stores, still further savings could be made.

I have tried to show trends and variations in food prices. Most of these have been favorable and to the advantage of the average consumer. Yet, articles are written about, and comments made, concerning the "high cost" of food. In concluding this paper, therefore, I would like to examine some possible reasons for these reactions.

What are some of the factors that may affect our approach to prices?

Do customers really know prices?

A study made for a large retail food company found it was difficult for their customers to remember the exact price of 60 frequently advertised and fairly competitive branded items. 5/ They did better in naming a price within 5 percent above or below the exact price, and customers who used specific items were twice as knowledgeable about the correct price as nonusers. It is interesting to note, however, that more of these customers knew the exact price of national brands of cola drinks, cigarettes, cleansing tissue and a cleaner than those for sugar, flour, margarine and coffee. In fact, the first items mentioned ranked 1, 2, 3, and 4 in exact price recognition. Eighty-six percent of these customers knew the exact price of the cola drink.

Foods highest on the list--ranking 5 and 6--were apple sauce and tomato soup. A national brand of sugar was 18th on the list, with 20 percent of the customers knowing the exact price and 67 percent naming a price within 5 percent above or below the exact price. A well known brand of coffee was 58th in rank with 3 percent of the customers naming the exact price and 27 percent coming within 5 percent levels.

Items in this survey were selected because they were considered "frequently" advertised items. If so, did these consumers read store ads? Did they look at what was advertised rather than the price? Did they buy advertised "Specials"?

The food company also found that their "typical" customer had seen the weekly store ads but only about 6 out of 10 said they purchased the advertised special "sometimes" or "rarely." This typical shopper could recognize a bargain in only 20 percent of the items regularly promoted and often had only a vague idea of the regular price. She was more likely to purchase an item featured in the store than one featured only in a retail ad. She considered "cents-off" coupons a bargain.

5/ "How Much Do Customers Know About Prices?" Progressive Grocer, February 1964, pp. C 104-106 and pp. C 120.

A recent study, designed to investigate some of the factors that influence decision making by homemakers when they buy food, found that "Most of these homemakers used food store advertisements to check meat prices, but some used them for menu suggestions or as reminders when making a shopping list."^{6/} Among those interviewed, 52 percent of the white and 39 percent nonwhite homemakers reported a recent food purchase they had seen in ads. However, one-fourth of these families had no regular newspaper that carried food advertising and, "This group was largely concentrated among younger, low-income families whose homemakers were grade school educated and Negro families"--groups who could profit considerably by taking advantage of specials.^{7/}

If consumers lack precise knowledge of prices, are their complaints about "high" prices an evidence of their level of price resistance--where they "begrudge" the expenditure?

Researchers in England studying attitudes toward prices observed that a consumer appears to have in mind both a price ceiling and a lower limit -- a price that is too expensive and one that is too cheap.^{8/}

A second report states that a look at family expenditures suggests that the characteristic spending patterns of different groups of households may be more readily understandable in terms of their reluctance or hesitation to spend on certain goods, and, conversely, in terms of the ease of spending on others - a so-called "begrudging index."^{9/} It was concluded that because products differ in their begrudging index, (1) they receive different spending treatment; (2) housewives will be more sensitive to price changes of the "most begrudged" items than those at the bottom of the scale; and (3) among products at the upper end of the scale, a housewife's reaction is likely to be governed by price.

These reports suggest that consumers may have a top price in mind for a particular item or group of items and it may be the point at which the price for an item becomes "high". This could be more important in an individual consumer's measure of price levels than the relationship of prices and food expenditures to current family income. Resistance to buying a product may develop when price approaches this upper limit and the quality suspect if the price goes below the lower limit. A family shopper may have a price in mind for a particular cut of meat, vegetable, fruit or canned item at which she will willingly buy the item and another price at which she will resist buying and move to a second choice. The limits of these price levels may be slower to

^{6/} Alabama Agricultural Experiment Station, "How Homemakers Select Foods," Bulletin 353, June 1964.

^{7/} Ibid.

^{8/} Research Bureau Limited, "Attitudes to Price," Basic Research Report R.8, January 1964.

^{9/} "Subjective Economics: Factors in a Psychology of Spending," by Peter Cooper, The Motivational and Social Research Centre Limited. A paper presented to the Annual Conference 1964 of The Market Research Society. (Unpublished)

change than family income. For example, sugar is high priced because it costs more than 5 cent a pound--the price it was in 1932--even though per capita disposable personal income is \$2,249 today (2nd quarter 1964) as compared with \$390 in 1932.

Other factors, too, may influence the family shopper's concept of current prices. Are they aware of the extent to which their buying habits may have changed? When a family's income goes up, there usually is a strong tendency to buy something different--a different assortment of foods--a frill here and there--a new food. This may cause consternation if, somehow, the new income doesn't stretch as far or, buy as many of the things they dreamed it would. They may reason that this is because prices have "soared".

Then, too, the neighbor's food bill may be smaller than theirs--It should be, if neighbor's family is smaller and the children are younger. A family of 6 with 4 teen-age boys costs more to feed (not to mention their friends) than one of four, with two pre-school children.

One's own family grows up, too - and year by year, the food bill grows up with the family. (Figure 1, page 17)

And last, but possibly not least, the family shopper may think food prices are "high" because the supermarket bill has gone up. The supermarket bill may have gone up but not necessarily because food prices have increased. The family shopper may be making fewer trips to the store and buying more of the week's groceries at one time. She buys more of her total needs in one store than formerly--meat, milk, bakery products, fresh fruits and vegetables.

Added to this is the fact that, today, the supermarket bill is seldom the same as the food bill. In 1963, more than half of the toothpaste used was purchased in supermarkets; nearly three-fourths of the pet foods, paper products and bottled and canned beer for home and off-premise consumption. Then there are the light bulbs, razor blades, cigarettes, dishes, and in some supermarkets, even socks and shirts.

Because of all of these factors--day-to-day variations in prices, changing purchasing practices, changing family needs, the changing character of the "grocery" store--a family should evaluate their food expenditures before implying that "high prices" are basic to all differences in total cost.

Lest I appear to be too harsh on family shoppers, I'd like to say that I think they try hard to spend their money wisely and, at the same time, to please their families. I don't think they are the wild, impulsive buyers who squander their money recklessly as is sometimes implied. With 6000 or more items in today's grocery, it would be difficult to remember the exact price of even major items purchased by families. Add to this the variations in prices from week to week, and the appearance of new items almost as often.

Nevertheless, I wish we could get families to learn more about prices and price levels, to evaluate more precisely what they spend for "FOOD", and what they are buying for this money. They might then realize how fortunate they are, particularly, when today so many families are getting more food for a smaller share of their income.

Table 1.--Comparison of per capita disposable personal income, meat consumption and expenditures, 1954 and 1963 (current prices)

Per capita	Unit	1954	1963
Disposable personal income.....	Dollar	1,582	2,125
Food expenditures.....	Dollar	355	401
Share spent for:			
Meat.....	Percent	21.7	22.8
Beef.....	Percent	12.2	15.0
Veal.....	Percent	1.6	.9
Pork.....	Percent	7.1	6.1
Lamb.....	Percent	.8	.8
Meat expenditures.....	Dollar	76.96	91.52
Share spent for:			
Beef.....	Percent	56.3	65.8
Veal.....	Percent	7.3	4.2
Pork.....	Percent	32.8	26.5
Lamb.....	Percent	3.6	3.5
Meat consumption.....	Pound	115.5	125.5
Share purchased as:			
Beef.....	Percent	54.8	59.3
Veal.....	Percent	7.9	3.6
Pork.....	Percent	33.8	33.6
Lamb.....	Percent	3.5	3.5

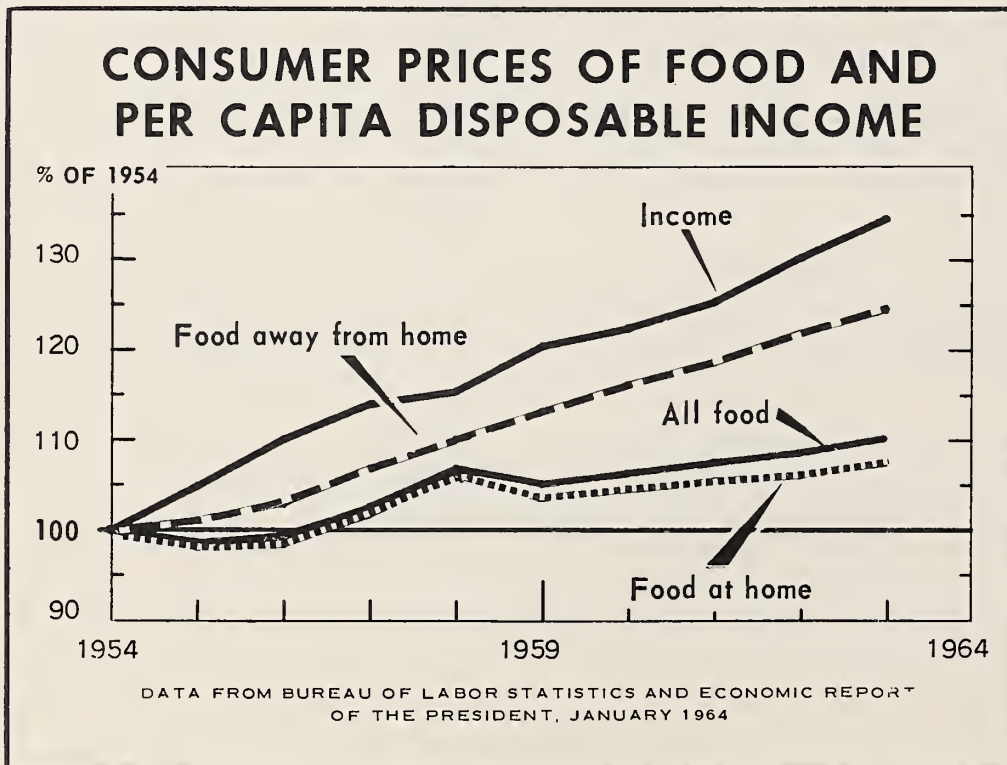
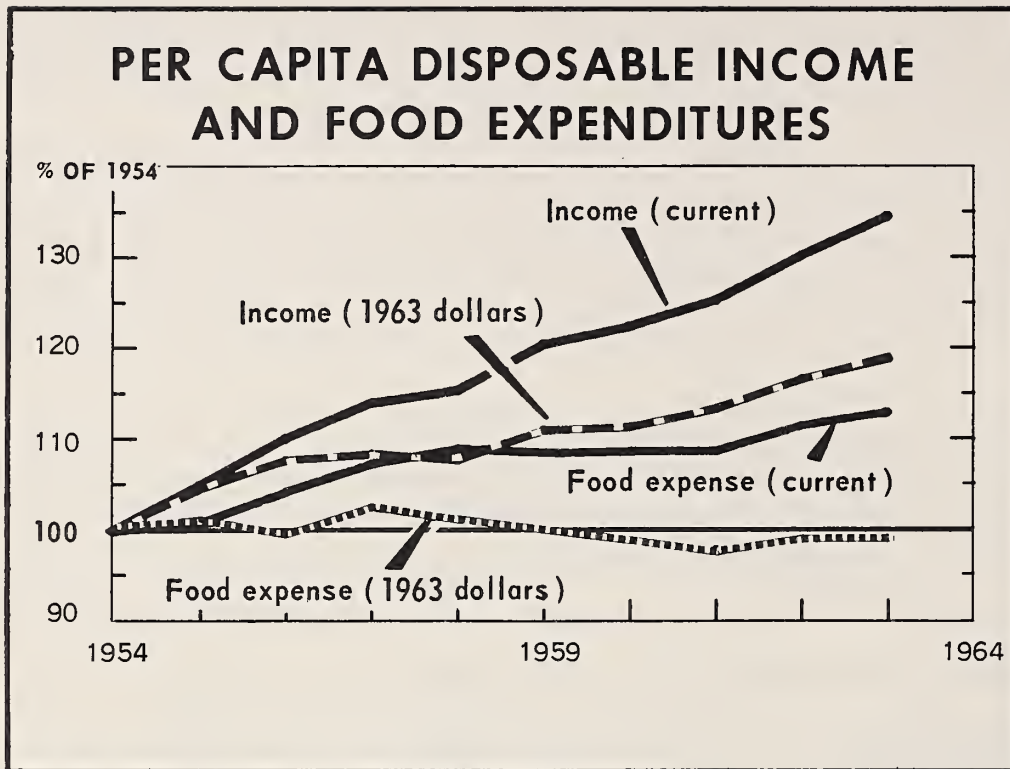


Table 2.--Per capita consumption and weighted average retail price per pound for beef, pork, veal, and lamb, 1954-1964 (current prices)

Year	Beef		Pork		Veal		Lamb	
	Consump- tion	Price per pound	Consump- tion	Price per pound	Consump- tion	Price per pound	Consump- tion	Price per pound
	Pounds	Cents	Pounds	Cents	Pounds	Cents	Pounds	Cents
1954.....	63.3	68.5	39.0	64.8	9.1	61.6	4.1	66.3
1955.....	64.8	67.5	43.4	54.8	8.6	61.4	4.1	64.4
1956.....	67.5	66.0	43.7	52.1	8.6	60.2	4.0	64.7
1957.....	66.8	70.6	39.7	60.2	8.0	64.2	3.7	68.5
1958.....	63.6	81.0	39.1	64.8	6.1	76.6	3.7	74.6
1959.....	64.3	82.8	43.9	57.1	5.2	81.0	4.3	70.7
1960.....	67.2	81.0	42.2	56.7	5.5	80.2	4.3	69.7
1961.....	69.4	79.2	40.3	59.2	5.1	80.5	4.5	65.9
1962.....	70.2	82.4	41.3	59.5	5.0	83.8	4.6	70.7
1963.....	74.4	81.0	42.2	57.5	4.5	84.5	4.4	72.6
1964.1/.....	78.2	77.2	41.6	55.8	4.4	83.9	4.0	73.8

1/ Preliminary

Table 3.--Meat prices, weighted average per pound, in terms of current and 1963 dollars

Year	Current	1963 prices (constant dollars)					
	prices						
	Meat	Meat	Beef	Pork	Veal	Lamb	
	Cents	Cents	Cents	Cents	Cents	Cents	
1954.....	66.6	76.0	78.1	73.9	70.2	75.6	
1955.....	62.4	71.4	77.2	62.7	70.3	73.7	
1956.....	60.7	68.3	74.3	58.7	67.8	72.9	
1957.....	66.6	72.6	76.9	65.6	69.9	74.6	
1958.....	74.9	79.4	85.8	68.6	81.1	79.0	
1959.....	72.7	76.4	87.1	60.0	85.2	74.3	
1960.....	72.0	74.5	83.9	58.7	83.0	72.2	
1961.....	72.0	73.7	81.1	60.6	82.4	67.5	
1962.....	74.2	75.1	83.4	60.2	85.8	71.6	
1963.....	72.9	72.9	81.0	57.5	84.5	72.6	
1964 1/.....	70.4	69.7	76.4	55.2	83.1	73.1	

1/ Preliminary.

Table 4.--Comparison of price per unit of selected foods, 1954 and 1963, under specified conditions

Food	Unit	BLS average all U.S. price	Estimated price in 1963 if 1954 price had changed at same rate as— Per capita : Purchasing power of disposable : 1963 dollar income : relative to 1954 1/	
			Cents	Cents
Chuck roast	lb.			
1954.....		51.4		
1963.....		60.3	69.0	61.0
Pork chops, center cut	lb.			
1954.....		86.3		
1963.....		88.2	115.9	102.4
Ham, whole	lb.			
1954.....		70.0		
1963.....		60.7	94.0	83.0
Chickens, fryers, whole	lb.			
1954.....		53.8		
1963.....		40.1	72.3	63.8
Eggs, grade A, large	doz.			
1954.....		58.5		
1963.....		55.1	78.6	69.4
Green beans, fresh	lb.			
1954.....		22.4		
1963.....		26.0	30.1	26.6
Green beans, frozen	10 oz.			
1954.....		24.4		
1963.....		26.0 <u>2/</u>	32.8	28.9
Bread, white, sliced	lb.			
1954.....		17.2		
1963.....		21.6	23.1	20.4
Butter	lb.			
1954.....		72.4		
1963.....		75.0	97.2	85.9
Margarine	lb.			
1954.....		29.9		
1963.....		27.5	40.2	35.5
Sugar	5 lb.			
1954.....		52.6		
1963.....		67.9	70.6	62.4
Coffee	lb.			
1954.....		110.8		
1963.....		69.4	148.8	131.4

1/ Based on data in Economic Indicators, September 1964, p. 5.

2/ Package size changed to 9 oz. in 1958. Price shown was changed, proportionately, to estimate comparable price of 10 oz. package.

Table 5.--Comparisons of price per pound, chuck roast, blade-in, BLS and those in two supermarkets, one trading area, by month, Greensboro, North Carolina, July 1962-June 1963

Month	BLS prices		Store A <u>1</u> /		Store B <u>1</u> /	
	All U.S.	Atlanta	Average price per pound for -		Average price per pound for -	
			Tuesdays	Fridays	Tuesdays	Fridays
	Cents	Cents	Cents	Cents	Cents	Cents
<u>1962</u>						
July.....	59.5	60.9	59.8	57.5	58.6	51.0
August.....	61.3	63.5	60.5	57.4	66.0	56.6
September.....	66.6	69.1	67.5	55.0	73.5	69.5
October.....	65.0	65.8	59.4	56.0	71.0	73.0
November.....	65.1	67.8	63.0	64.2	71.5	71.8
December.....	65.2	67.2	65.0	59.5	71.0	69.0
<u>1963</u>						
January.....	65.2	67.5	63.0	58.5	69.0	54.0
February.....	64.3	65.0	66.0	67.5	58.0	53.0
March.....	63.0	61.4	58.5	56.2	59.0	55.0
April.....	59.2	60.2	59.0	60.0	57.0	45.0
May.....	59.0	59.0	65.0	49.8	57.5	52.6
June.....	56.6	59.4	61.0	60.0	54.0	47.5
Year (average)...	62.5	63.9	62.2	58.3	63.9	58.2

1/ Preliminary.

Table 6.--Changes in prices of fresh and branded items, on Tuesdays and Fridays, 2 supermarkets in 1 trading area, 13 weeks, Greensboro, North Carolina, September-November, 1962 1/

Type of product	Total items priced	Changes in prices-			
		Total items	Total changes		Average per item
		Number	Number	Percent	Number
Fresh.....	39	38	288	49	7.6
Branded.....	189	100	300	51	3.0
National.....	(135)	(63)	(166)	(28)	(2.6)
Store.....	(54)	(37)	(134)	(23)	(3.6)
Total.....	228	138	588	100	xxx

1/ Preliminary.

Table 7.--Range in differences in price, per pound Chuck Roast, blade-in from Tuesday to Friday of same week, two supermarkets, one trading area, Greensboro, North Carolina, July 1962-June 1963 1/

Range-Cents per pound	Weeks			
	Store A		Store B	
	Number	Percent	Number	Percent
No change.....	28	53.8	37	71.1
1-4.99.....	7	13.5	0	0
5-9.99.....	4	7.7	0	0
10-14.99.....	4	7.7	3	5.8
15-19.99.....	3	5.8	3	5.8
20-24.99.....	5	9.6	4	7.7
25-29.99.....	0	0	2	3.8
30 or more.....	1	1.9	3	5.8
Total.....	52	100.0	52	100.0

1/ Preliminary.

Table 8.--Comparison of weekend "Specials" advertised by 4 retail food companies and prices on preceding and following Tuesday, selected food items, Greensboro, North Carolina, September-December, 1962 1/

Item	Weekends adver- tised, <u>2/</u> (total)	Price on Tuesday following advertisement in local newspaper-				Item not avail- able
		Same as price on preceding Tuesday	Higher than price on preceding Tuesday	Lower than price on preceding Tuesday		
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	
Pork chops, center cut.....	11	6	1	3	1	
Chicken, fresh, whole..	16	8	3	4	1	
Lamb, leg.....	3	3	0	0	0	
Tomato soup, canned <u>3/</u> ..	5	5	0	0	0	
Orange juice, canned <u>4/</u>	10	10	0	0	0	

1/ Considered a "Special" only when labeled as such in the advertisement.

2/ 17 weekends between September 4 and December 31, 1962.

3/ National brand.

4/ Local brand.

Preliminary.

Table 9.--Estimated cost of a weekly market basket, family of 4, at low and moderate cost levels, two supermarkets, Greensboro, North Carolina, September-November, 1962 1/

Type of market basket and store	September	October	November	Average 3 months
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Moderate-cost:				
A.....	32.02	31.89	32.46	32.13
B.....	33.04	31.91	31.40	32.11
Shopping around.....	28.54	28.78	29.17	28.84
Low-cost: <u>2/</u>				
A.....	20.63	20.62	20.99	20.74
B.....	20.83	20.40	20.35	20.53
Shopping around.....	18.16	18.26	18.64	18.34

1/ Preliminary.

2/ Quantities used in estimating the weekly cost of the low-cost plan are adapted to food habits of families in the southeast.

WEEKLY COST OF FOOD

\$45

35

25

15

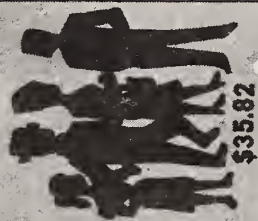
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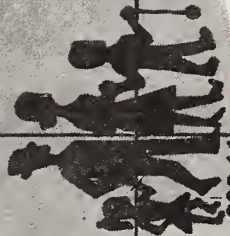
YEARS LATER

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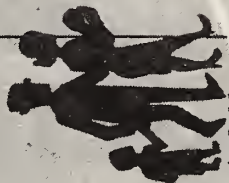
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\$35.82



\$32.11



\$26.43



\$26.07



\$18.73



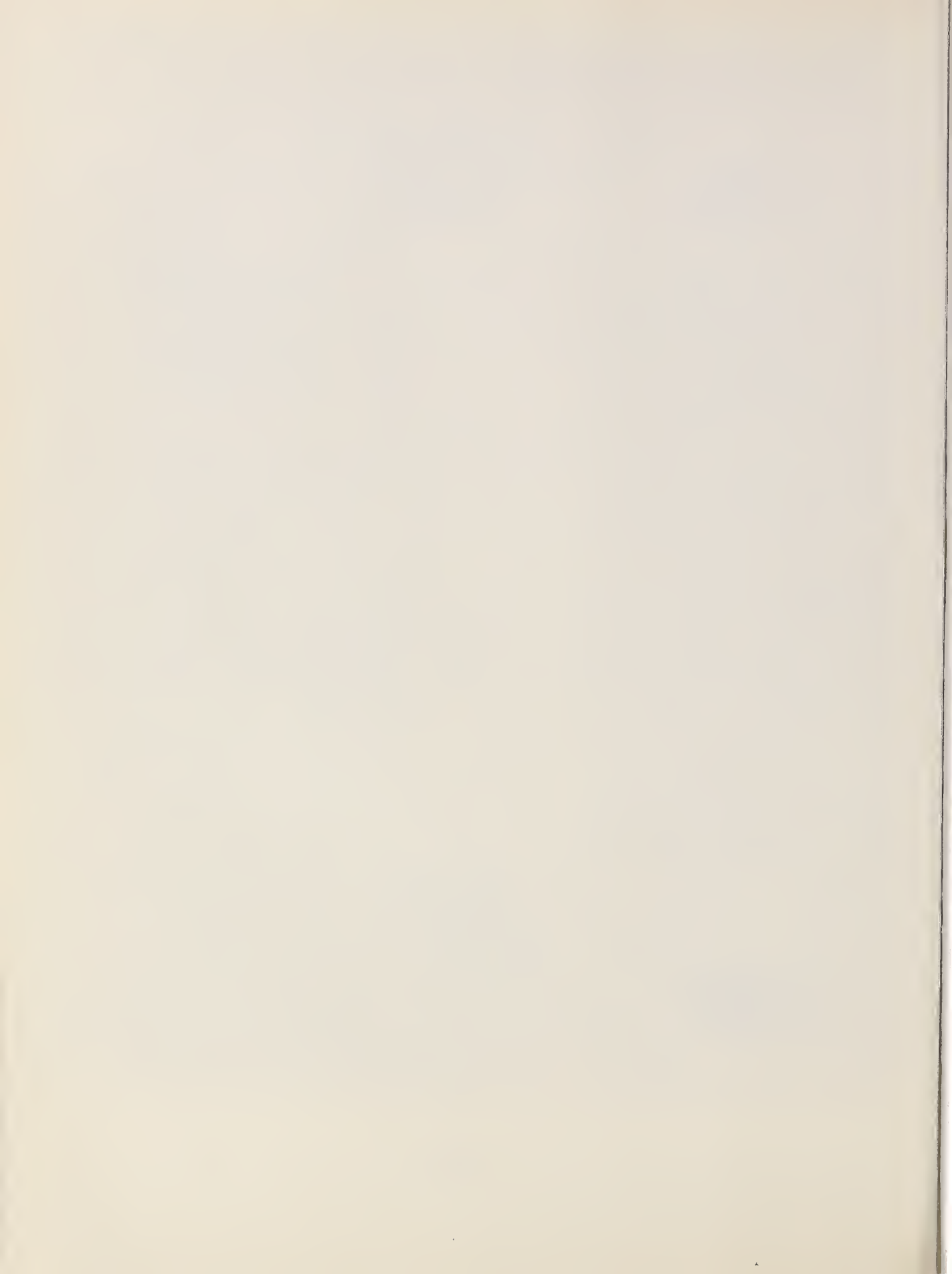
\$17.83

GROWING UP WITH THE FOOD BILL: Even with no rise in the price of food, or no more expensive foods in the market basket, the food bill is bound to grow along with the family. This is what it would cost to feed a family for one week, using prices observed in one store during the fall of 1962 in North Carolina. The costs are based on USDA's moderate-level food plan. There is no change in the quality of food purchased as the family grows up; only the quantity is changed. The bill for a week's supply of food bought at the grocery store could be 10 per cent less if the housewife looked for the food specials in her shopping area. And it could be a third less if she were working within a low-income food budget. (36)

Table 10.--Cost per week of a low- and moderate-cost market basket for families of different size and ages based on average prices for the period, September-November, 1962, one supermarket, Greensboro, North Carolina

Family composition	Moderate-cost	Low-cost
	<u>Dollars</u>	<u>Dollars</u>
I. Man and woman, 30-34 years of age Child, 7-9 years Child, 10-12 years.....	32.11	20.53
II. Man and woman 35-54 years of age Girl, 13-14 years Boy, 16-19 years.....	35.99	22.74
III. Man and woman, 35-54 years of age Boys (2), 13-15 years Boys (2), 17-19 years <u>1</u> /.....	54.54	34.16
IV. Woman, 55-74 years Man, 75 years or over <u>1</u> /.....	16.54	10.13

1/ Adjustments made in cost to take account differences in cost, per person, in families of various sizes.



UNITED STATES DEPARTMENT OF COMMERCE
Office of Business Economics

(*-*)

X Statement by Louis J. Paradiso, Associate Director,
Office of Business Economics, U. S. Department of Commerce +
at the 42nd Annual Agricultural Outlook Conference
Washington, D. C., Monday, November 16, 1964

We are now in the fifteenth quarter of steady economic expansion; expectations are for continued growth throughout 1965. If this is realized, the current recovery will be the longest on record. The GNP is expected to total \$623 billion this year -- exactly what some of us predicted a year ago. This total represents a 4-1/2 percent increase over 1963 after allowing for higher prices, compared with advances of 3-1/2 percent in 1963 and 6-1/2 percent in 1962. As a result of the steady and substantial quarterly gains this year, the rate of unemployment was reduced somewhat -- from 5.6 percent in October of last year to 5.2 percent this October.

At the moment the 1965 outlook is not so clear as the 1964 picture appeared at this time last year. I shall discuss the reasons for this later when I consider the probable course of the major demand groups. While 1965 is expected to be a prosperous year and to better the economy's performance in 1964, the 1965 increase is not likely to match that of this year unless steps are taken to accelerate the economic growth. In 1964, the average quarterly increase in GNP was close to \$10 billion, with the quarterly advances being quite uniform. In 1965, the quarterly increases may be of a somewhat smaller dimension than in 1964. This would yield a GNP total for next year around 5 percent larger than in 1964. However, part of the dollar rise will reflect higher prices. In 1964, the implicit GNP price, which covers all final demand sources, increased by 1.9 percent. Wholesale prices have shown little change while the consumer price index has increased mainly because of a further rise in prices of services. Some raw material prices have been rising rapidly this year but because of increasing productivity these may not affect final product prices next year. Thus I would expect overall prices to rise by about as much in 1965 as this year. If the GNP should rise 5 percent dollarwise, this would correspond to an increase of little more than 3 percent in real terms, which is less than the average annual increase of 3-1/2 percent over the past decade.

Another factor relevant to the 1965 picture is the prospective growth in the labor force. Next year the increase in the civilian labor force is expected to be somewhat larger than in the past several years. This is primarily due to the sizeable increase in the 18 year old group, which is estimated at nearly 1 million next year compared with practically no change in this age group over the past several years. Depending on the number of school drop-outs and other factors, this could mean an increase in the labor force of 1.3-1.5 million. If we take the middle of this range, the civilian labor force would rise by 1.9 percent compared with 1.6 percent in 1964. The increase in GNP will in part reflect advances in productivity (output per manhour). If the productivity increase in 1965 should be the same as in this year -- namely, 2.7 percent -- the expected 1965 increase in national output would fall far short of taking care of the larger numbers entering the labor force. This would suggest that we may have difficulty in reducing the present high rate of unemployment of over 5 percent.

The possible 1965 slowdown in business expansion is based on a consideration of four factors which are the essential determinants in the course of the economy next year.

1. Consumer durable purchases. These include mainly automobiles and household furniture and equipment. This year it appears that auto sales will total 8.2 million cars (including imports). This record high follows two other years of especially high auto sales. We have as yet little indication of the consumer response to the new models, mainly because of the strike at General Motors' plants which has only recently been completely settled. Some of the sales lost because of the strike may not be retrieved in this model year. Considering the fact that this year's auto sales are greater than would be expected on the basis of consumer income, auto prices, and other factors, and also examining the pattern of auto sales so far in this model year, it would appear that next year's sales would not match this year's. If this should prove to be the case, the auto industry would not contribute to a further expansion of the economy. Nevertheless, by any standard the auto industry is likely to have a prosperous year. Purchases of house furnishings and equipment have been rising this year mainly because of the strong income increase and higher sales of houses. Recently the housing pattern has changed, and this could have a dampening effect on such purchases in the coming months.

2. Housing activity. Private nonfarm housing starts in 1964 are expected to total 1.5 million units with multi-units providing a major stimulus. However, since midyear housing starts have been trending downward, and expectations are for housing activity next year to be no better than this year if not somewhat slower. Thus, little or no stimulus to the economy would be provided by this important source of demand. The expected slowdown in housing may not persist throughout 1965 since there are a number of favorable factors which will stimulate such activity. Among these are higher consumer incomes than in 1964 and a larger group of marriageable age.

3. Plant and equipment expenditures. Investment expenditures are a basic determinant of the pace at which the economy grows. Generally if fixed investment expands rapidly so does the economy. This year the rise in plant and equipment expenditures is expected to be 13 percent above 1963. This is one of the largest annual increases of the postwar years. A combination of factors have accounted for the rise: corporate retained earnings plus depreciation allowances are at a record high, in part due to the continued economic upsurge and the Government tax incentives; also the intensive competitive situation has compelled many companies to modernize and expand capacity. I should point out that although total fixed investment is programmed 13 percent above last year, there is a wide dispersion in investment outlays by size of company and by industry. In general, noncorporate enterprises expect to spend less this year than in 1963; also small corporations (with assets of less than \$5 million) in the manufacturing, trade and service industries expect to spend less this year. On the other hand, large corporations, in manufacturing particularly, expect to invest nearly 30 percent more this year. There are also wide variations by industries -- declines in plant and equipment spending are expected by the electrical machinery and nonauto-transportation equipment companies.

On the other hand, large increases over 1963 are planned by the motor vehicle industry, paper, iron and steel, and railroads -- about 30 percent. It is difficult to see how these industries with substantial increases this year can repeat such performances in 1965.

A Government survey is not yet available on the investment prospects for next year. Private surveys point to a 5-10 percent increase in plant and equipment expenditures in 1965 over 1964. These early surveys, however, have not been reliable in the past, mainly because many companies do not firm up their programs until later in the year. Perhaps a somewhat more reliable guide may be found in the new orders received by machinery and equipment companies. Over the postwar years, the turning points in these orders have generally preceded the turning points in plant and equipment expenditures by six to nine months. There is no positive indication as yet of a downturn in machinery and equipment new orders. Furthermore, the pattern of these orders in relation to sales of machinery and equipment producers over the past year is quite encouraging. New orders have exceeded sales in each month and the ratio of unfilled orders to sales has been trending upward. I expect that plant and equipment expenditures next year would show a rise of about 10 percent over this year, but would fall somewhat short of the substantial increase expected this year. Thus this important source of demand is not expected to provide any acceleration to the advance in GNP.

4. Government purchases. Increases in Federal purchases have been declining over the past several years. More recently, however, such purchases have been fairly stable. (The rise in the second quarter of this year was offset to some extent by a drop in the third quarter.) The expectation is that Federal purchases of goods and services will show little change over the coming year, mainly due to the holding down of defense expenditures. The pattern could be altered, however, by a shift in Government policy in this area if the economy should show some drastic change either up or down. Federal purchases in 1963 amounted to \$64.7 billion. This expenditure was raised by only \$1 billion in 1964 and may show only a further modest rise in 1965.

State and local government purchases have shown increases of \$3-4 billion in recent years. The rise in such purchases, however, was stepped up to \$4-1/2 billion in 1963, and it is estimated that a further acceleration -- to more than \$5 billion -- will occur in 1964. Due to the needs of an increasing population it is expected that state and local government purchases would rise at a somewhat faster rate in 1965 than in recent years.

In sum, it appears that due to increasing income and employment, the private sector (including state and local governments) will provide the major stimulus to the economy in 1965. In particular, increases will be centered in consumer spending for nondurable goods and services and in state and local government purchases of goods and services. Some stimulus will also come from a moderate addition to inventory investment. Thus the 1965 economic picture will be a prosperous one, with higher profits and larger sales. From what we know at present, the advance in total economic activity may not be large enough to

absorb the expected increase in the labor force, let alone to reduce the present high rate of unemployment. It will be a good and prosperous year but not good enough unless other actions are taken by the private sector of the economy and the Government such as, for example, the current proposals to cut excise taxes.

* * *

UNITED STATES DEPARTMENT OF AGRICULTURE

X Statement by William F. Butler
Vice President, The Chase Manhattan Bank X
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 11:30 a.m., Monday, November 16, 1964

I agree with the general conclusions set forth in Rex Daly's admirably concise and comprehensive review of the business outlook. It is my view that the advance in business activity will continue at least through the middle of next year and probably well through the year. GNP and consumer incomes for the year 1965 are virtually certain to top this year, and the gains could approach 6% in current dollars.

However, I find myself somewhat less sanguine about prospects for late 1965 or early 1966. I am aware that it is quite imprudent for a business forecaster to talk in public about possible developments a year or more hence. I also wish to make it clear that I am not seeking to trade in my reputation as an optimist for one as a prophet of gloom and doom.

Nonetheless, I believe it is possible that developments in the course of the next twelve months or so could bring the advance in business to a halt, and even lead to another downturn in economic activity. I do not think a downturn is inevitable--it could be averted by proper public and private actions. I also think there are cogent reasons why a recession, if it should develop, would prove relatively moderate.

It has become fashionable of late to stress the fact that there have been few serious excesses in the current business expansion. Indeed, the latest issue of my favorite publication, BUSINESS IN BRIEF issued bimonthly by The Chase Manhattan Bank, points to a "strong and balanced expansion." And it is quite clear that the economy has so far managed to avoid many of the imbalances typical of a business expansion--notably in such areas as inventories, labor costs and capacity expansion.

Yet I believe that forces are now at work which could produce some significant imbalances during the next year. If the nation is to enjoy continuing prosperity without inflation or recession, we shall have to take action to avoid excesses in a number of important fields.

The first of these is wages and salaries. Now it is quite clear that wages and salaries should rise in an expanding economy. But the rise must be kept in line with the advance in the economy's productivity, as has been generally the case for more than six years. However, the increase in wages is accelerating--settlements in autos and other industries are well in excess of the long-term growth in productivity. Meantime, forces are at work which could slow the advance in productivity. Unemployment on the part of skilled and experienced workers is quite low, while production in many lines is approaching the point where standby capacity must be brought on line. All of this points to increasing unit labor costs.

Rising labor costs place upward pressure on prices or downward pressure on profits. If enough money and credit are provided to finance the rise in prices, then we have the familiar wage-price spiral. If prices are held down, then profits are placed in a squeeze, reducing the incentive to make capital expenditures. It is possible that corporate profits after tax have already reached their peak for the current cycle, though they should stay high for some time.

These developments have an important bearing on our balance of international payments, where we are now in our seventh successive year of deficits. We have made progress in dealing with this problem, mainly because our industrial prices have been stable since 1958 while Western Europe has been undergoing inflation. Thus our exports have moved up in very encouraging fashion. However, our deficit, which will run to \$2 billion or possibly more this year, remains as a serious problem. To deal with it, we must avoid a wage-price spiral. And I also believe we need a moderate increase in our interest rate structure to reduce the capital outflow.

This leads into a third area of possible problems--monetary policies. The past 3 3/4 years of business expansion have been marked by a massive increase in the supply of money and credit. With policies of easy money, commercial bank loans and investments have been increasing about 8% per annum, as against a rise of about 4 1/2% a year in real GNP. This sort of credit expansion was beneficial so long as unused resources could be put to use by creating additional demand.

However, it seems to me that we are at the point, if indeed we have not already passed it, where continued easy money policies could do more to raise prices than to boost production. Thus, both domestic and international considerations would appear to call for a smaller increase in money and credit. I would hope that we could avoid the sort of credit squeeze which developed in late 1959. But I believe the increase in money and credit in the year ahead needs to be kept in line with the increase in real production.

To turn to a fourth area, I believe the remarkable restraint on the inventory front is beginning to give way. Steel users are beginning to build stocks as a hedge against a possible steel strike next year. With some prices rising, and delivery dates lengthening in some lines, incentives to build inventories more generally are increasing. Thus, it is possible that we shall see the sort of inventory build-up which has characterized all periods of business expansion, though it could prove relatively smaller than in the past.

I have stressed so far a series of basic problems which could develop during the year ahead. To round out the picture, it is necessary to mention briefly a number of items of strength in the picture, most of which have been cited by Rex Daly. For lack of time, I can only list some of the major points:

- 1) None of the problems I have discussed appears to involve a maladjustment as difficult as in many past periods. In fact, they probably could be handled with minimal impacts, granted good management and good luck.

2) I believe the nation's longer-term potential for economic growth is very impressive, and this should help moderate the impact of any short-term adjustments.

3) The underlying demand for capital goods appears very strong, and this argues against any sharp and prolonged decline in business investment even in face of a profits squeeze which proved temporary.

4) There appears to be a growing acceptance of the use of monetary and fiscal policies to deal with business cycle fluctuations. While there will be debate, and mistakes will be made, I believe we shall make better use of such policies in the period ahead than in the past decade.

To sum up, I look for the expansion in general business activity to continue though at a slackening rate of advance, well through 1965. I believe it is possible that in the process some maladjustments may appear which could give us some trouble late next year or early in 1966. However, I believe we can weather any such adjustments in good fashion and move on into a period of great and good growth for the remainder of the decade.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service

X SPENDING PATTERNS OVER THE LIFE CYCLE +

Talk by Mary Jane Ellis
Consumer and Food Economics Research Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 3:45 P.M., Tuesday, November 17, 1964

Much consumer behavior grows out of family situations that occur in a familiar cycle. Couples marry, establish homes of their own, bear children and raise them to maturity, retire from active employment, and eventually die. During this cycle the family changes in size, composition, income, and expenditures for goods and services.

Knowledge of the differences in the expenditures for goods and services over the life cycle aids family economists in helping families to understand their present economic position, anticipate future changes, and make long-range financial plans. For the market analyst and economists in general, knowledge of these differences coupled with information on the age distribution of the population aids in estimating future demand for goods and services.

The most recent and comprehensive information on differences in the expenditures of a cross-section of U.S. families comes from the Survey of Consumer Expenditures in 1961, a joint survey by the U.S. Department of Agriculture and the Bureau of Labor Statistics. 1/ Data on the expenditures of seven age classes of heads of families in this survey typify spending during the family life cycle.

The age of the head of the family is a good indication of stage in the life cycle, because interaction of biological, economic, legal, religious, and social factors propels most Americans along a course in which common events occur within fairly narrow age spans. The dominant pattern in the 1960's is early marriage (bride and groom in their twenties), a relatively short child-bearing period (last child born before parents reach 30), last child marrying and leaving home by time parents are 50, and death of one partner by the middle or late 60's. 2/

1/ See listing of reports of Survey of Consumer Expenditures at the end.

2/ Glick, Paul C., David M. Heer, and John C. Beresford, "Family Formation and Family Composition: Trends and Prospects," revision of paper presented at the annual meeting of the American Association for the Advancement of Science, Chicago, December 29, 1959. Mimeographed.

Of course, many families do not conform to the dominant pattern. Bachelors (male and female) are found in every age class and are more frequent among the youngest. ^{3/} Widowhood and divorce among the young represent departures from the usual pattern, but in the closing stages where one partner typically outlives the other for some time, the one-person family fits the life-cycle pattern. Even among husband-wife families there are some who have married (or remarried) earlier or later than usual, who have had no children, who spaced their children differently than usual, or whose children died or left home prematurely, or never left home. The distribution of types of families in the various age classes is not yet available for the Survey of Consumer Expenditures. In the meantime this distribution of heads of household by marital status is substituted:

Marital status	Age of household head (years)						
	Under 25	25-34	35-44	45-54	55-64	65-74	75 and over
	Percent						
All household heads	100	100	100	100	100	100	100
Married, spouse present	77	85	84	78	68	57	41
Married, spouse absent.	6	6	5	4	3	2	1
Widowed	<u>1/</u>	1	3	8	19	33	50
Divorced	2	3	4	5	4	2	1
Single	14	5	4	5	6	6	6

^{1/} 0.5 percent or less.

Source: Bureau of the Census, Current Population Reports, P-20, No. 122, March 1962.

Spending Patterns

Families buy different sized bundles of goods and services at the various stages of the life cycle. In 1961, the bundle bought by the youngest families contained \$4,225 worth of goods and services. The size of the bundle increased until it reached a maximum of \$6,198 among families whose

^{3/} A family as defined in the Survey of Consumer Expenditures consists of (1) a group of people, usually living together, who pool their income and draw from a common fund for their major living expenses, or (2) a person who is financially independent whether living alone or in a household with others. Never-married persons living with their parents are always considered to be in the same family as their parents.

heads were between 35 and 44. Thereafter, the size decreased in each stage until at the end of the cycle it was scarcely more than half the size at the beginning. Each of the separate categories of goods and services in the bundle generally followed this pattern of increasing in size early in the cycle and declining in the later stages. (See table 1.)

The rate of increase and decline varied with the category and the stage of the life cycle thus giving rise to distinctive spending patterns. The changes in spending patterns are illustrated in table 2 as percentage distributions of expenditures for total current consumption.

At the beginning of the life cycle

The beginners in the family life cycle are represented by families whose heads were under 25 in 1961. They were young families in that the average age of the head was 22, and two-thirds of them had a child, but few had a person as old as 65. Ninety percent of them had rented homes all or part of the year. Over three-fourths of them owned a car. (See table 3.)

There was an average of less than one full-time earner in these families due not only to unemployment but also to a high degree of mobility and the practice of continuing college education after marriage. The young family's income of \$4,140 was less than the average for all families in the study. Even though disbursements for personal insurance, gifts and contributions, and expenditures for current consumption were all below average, this was the only stage in the cycle in 1961 in which the average family had increased its debts and depleted its assets to the point of ending the year in a deficit position.

Beginners' expenditures for current consumption were not only lower but followed a somewhat different pattern than that for the average family. On transportation they spent an average of \$820, 19 percent of their total expenditures, and on furnishings and equipment an average of \$288, 7 percent of their total expenditures. These expenditures exceeded the average, both relatively and absolutely. Spending for transportation and housefurnishings began at relatively higher levels than in other major categories since families build up their inventories early in the cycle. Spending declined more severely at the end of the cycle in these two categories than among categories of nondurable goods.

Food was a relatively less important part of the budget in the beginning than at any of the later stages of the cycle. Groceries--the major part of food expenditures--cost only 16 percent of total expenditures at this stage compared to 20 percent for the average. Eating out--the minor part of food expenditures--took 6 percent of total expenditures rather than the average 5 percent. Grocery expenditures were down in this stage because families were small and generally had an infant or young child, not an adult, as a third member. The relatively high percentage of single people in this stage was probably responsible for a greater part of the food dollar being spent on eating out.

The beginner families spent relatively more than average for shelter (15 vs. 13 percent), relatively less for fuel and other utilities (3 vs. 5 percent). This pattern is usual whenever a high proportion of families rent. Their spending for shelter and utilities together was of average proportion (18 percent).

Housing (including shelter, fuel and other utilities, household operation, and furnishings and equipment), food, transportation, clothing, and medical care were the most important areas of expenditures in the earliest stage of the family life cycle (and throughout the succeeding stages as well). These five categories took 87 percent of total expenditures at this stage.

During the growth stages of the family life cycle

The beginning stage of the cycle was followed by three stages marked by a high level of economic activity. The first of these stages consisted of families headed by persons between 25 and 34 years old. Their families generally numbered one more child than the beginners' and average family size was four persons. Elderly people were almost as rare in these families as among the younger families.

Expenditures for goods and services were about 30 percent higher than among the younger families. Insurance, and gifts and contributions were around 70 percent higher. Family income increased around 40 percent over the earlier period.

These families made net savings that averaged about \$200 in 1961. Some of the savings were no doubt payments on mortgages since homeownership rose from 9 percent at the beginning stage to 41 percent at this stage. Ownership of cars reached a peak of 87 percent.

Food expenditures were relatively more important and transportation expenditures relatively less important than among the beginners. The increase in food was for that prepared at home, which increased from 16 percent at the earlier stage to 19 percent of total expenditures in this stage. There was a relative decline in spending for meals away from home. Despite an increase in ownership of cars, spending for transportation increased by only \$58 over the earlier stage. It was a small increase compared to those taking place in other categories. Therefore transportation subsided in importance from 19 to 16 percent of total expenditures.

Spending for shelter and utilities took a slightly greater share of expenditures in the second stage than in the first, 18 compared to 19 percent. In line with the increase in homeownership, spending for utilities mounted in importance. These expenditures increase not only because they are paid directly by homeowners, but because the move to an owned place is commonly made to get more room for a growing family and more room means higher expenses for fuel, electricity, and other utilities.

Purchases of furnishings and equipment were relatively less important than in the earlier stage, dropping from 7 percent to 6 percent of total expenditures. However, this was the stage at which the level of purchases reached its highest point in the cycle. The expansion in family size and the shift from rented to owned housing contributed to the high level.

All the components of housing, plus food, transportation, clothing, and medical care accounted for 87 percent of all goods and services--the same percentage as in the first stage.

In many respects the zenith of the family life cycle occurred at the third stage when heads were between 35 and 44 years old. Family size was greatest and income after taxes and current expenditures were larger than at any other stage. The homeownership rate rose to 63 percent. Ownership of cars continued at the high rate of the second stage.

This was the first of two stages in which families placed increased emphasis on clothing expenditures. The relatively large size of the family and an increasing number of children in the fast-growing stage of adolescence would account for the rise to 12 percent from the earlier level of 10 percent of total expenditures. Large families and growing children also account for a continuing though smaller increase in emphasis on food (25 percent of the budget at this stage versus 24 percent in the second stage).

Housing decreased in importance in the third stage even though expenditures were at their highest point in the cycle. Housing expenditures increased by only \$44 on the average over the previous stage. This was a much smaller increase than those in food, clothing, and other areas of expenditures. Purchases of furnishings and equipment actually declined in this stage--the earliest decline in any major category during the life cycle. Housing took 28 percent of total expenditures at this stage and together with food, transportation, clothing, and medical care added to 86 percent of the total.

In the fourth stage of the family cycle when family heads were between 45 and 54 years old, economic activity was almost on a par with that of the previous stage. Income was about the same, but disbursements for personal insurance and gifts and contributions were higher, and savings were greater than in the third stage. The homeownership rate reached a high of 67 percent. Ownership of cars declined slightly from the previous high rate. Families were smaller, because this is the stage when older children leave the parental home, and because the families in the fourth stage are an earlier generation than those of the first three stages and did not participate in the post-war baby boom.

Expenditures for goods and services were about 4 percent less than in the third stage. As in the previous stage, the families of heads in their late forties and early fifties spent a larger share of their total expenditures for clothing and a smaller share for housing than did the average

U.S. family. There was an increased emphasis on education. This was the only stage in which education took as high as 2 percent of total expenditures. It is very likely that many children were being put through college at this stage.

Housing, food, transportation, clothing, and medical care together required 85 percent of total expenditures--somewhat less than in the earlier growth stages.

During the contracting stages of the life cycle

Families whose heads were between 55 and 64 years old were past the peak of both income and expenditures. Smaller families, composed of fewer children and more elderly people (65 and older) account for a decline in economic activity of this group of families. Insurance premiums declined sharply from their high point in the previous stage but gifts and contributions and savings continued at almost the same level.

It is worth noting that reductions in family expenditures did not keep pace with the reduction in family size during this stage. Average expenditures per person were higher in these families than at any other stage.

During this fifth stage, clothing and transportation expenditures dropped in relative importance from 12 to 10 and 16 to 15 percent respectively. There was a slight increase in the relative importance of food and housing. Food rose again to 25 and housing to 28 percent of the total. An important change took place in spending for medical care. It increased to 8 percent of total expenditures in contrast to the share of 6 percent held at all earlier stages. Per capita medical care expenditures rose sharply to a level 40 percent higher than in the previous stage.

Housing, food, transportation, clothing, and medical care together took 86 percent of total expenditures in the fifth stage.

Among families whose heads were between 65 and 74 years old and in the sixth stage of the family life cycle there were more signs of a slowdown in the family economy. Since it is common, even mandatory in some occupations, for the worker to retire at age 65, the average number of full-time earners dropped to well below one per family (to 0.3) for the first time in the cycle. Family size was reduced to an average of 1.9 persons. Income and expenditures continued to decline from the levels of the previous stage and both were well below average. However, most families held their owned homes and there was even a slight upswing in homeownership--perhaps because of buying retirement cottages. Ownership of autos declined considerably.

Spending patterns in this and the final stage differed greatly from those of the preceding and all earlier stages. Reduced income makes the necessities of life relatively more important in the total budget and advancing age creates some re-ranking of necessary goods and services.

Spending for medical care took 10 percent of total expenditures for goods and services in the sixth stage. Shelter and utilities in the housing group rose to 22 percent of total expenditures from the previous level of 18 percent. Transportation other than by auto was a much more important item in this stage than at any other stage, but the cutback in ownership and operation of cars reduced the importance of transportation to 13 percent of the whole. There was proportionately less spent on eating out and proportionately more on groceries than in the previous stage. A sizeable reduction was also made in the proportion spent for clothing which declined from 10 percent in the previous stage to 7 percent in this stage.

In the sixth stage families spent 88 percent of their total expenditures for housing, food, transportation, clothing, and medical care. Medical care replaced clothing as the fourth most important item in the budget.

In the final stage of the family life cycle when heads of families were 75 and older, even fewer of the families were headed by both husband and wife. Some families disposed of their homes, but the homeownership rate did not drop below 60 percent. Ownership of cars dropped to 32 percent, the lowest rate during the cycle. Income and expenditures were at their lowest levels in the cycle.

The combination of housing, food, transportation, clothing, and medical care amounted to 90 percent of total expenditures. Families in the final stage of the cycle had less to spend in other ways than families at any other stage.

Changes between 1950 and 1960

The changes that took place in the spending of urban families between 1950 and 1960 were not confined to any one age class. ^{4/} Each age class in 1960 had a spending pattern significantly different from its counterpart in 1950. In our analysis the effects of price shifts during the decade have been eliminated as far as possible. Comparisons were made after converting the 1950 data to 1960 dollars. (See table 4.)

Changes from 1950 to 1960 in some categories took place among families of all age classes. All age classes spent relatively less on food in 1960 than in 1950 despite an increase in family size in the first four age classes. A rise in real income took place between 1950 and 1960 and consumers, responding according to Engel's law, reduced their relative expenditures for food.

All age classes spent relatively more on housing in 1960 than in 1950. A rise in homeownership in the second through the fifth stages during the decade is partially responsible.

^{4/} Comparable expenditure data for rural farm and rural nonfarm families are not available for 1950 and 1960.

Changes in other categories were concentrated in particular age classes. The youngest families in 1950 spent relatively more on clothing than their counterparts in 1960. Families in all later stages spent the same proportions in both years.

Transportation expenditures were relatively higher in 1960 than in 1950 early in the cycle but later in the cycle they were relatively lower. The rise in car ownership that contributed to the general rise in spending for transportation actually took place primarily among young families.

Medical care was of relatively greater importance in 1960 than in 1950 among the youngest and the two oldest family groups. During the middle stages medical care assumed the same importance in 1960 as earlier.

Differences in the volume of expenditures between successive age classes were generally greater in 1960 than 10 years earlier. There was one exception--the level of the most elderly families did not decline as sharply from that in the previous stage as it had in 1950.

Summary and outlook

A motion picture of the life cycle of U.S. families would show the family unit vigorously expanding in size and economic activity while it is young. Maximum size and the highest level of expenditures for goods and services are achieved when heads of families are in their late thirties and early forties. Thereafter, a decline sets in as the family contracts in size and slows down its economic activity. Expenditures in the last stage of the cycle are only slightly more than half the level in the first stage.

Spending patterns are fairly uniform during the four middle stages of the cycle. During the first and last two stages the patterns differ considerably from those in the middle. A comparison of the spending of urban families in 1950 and 1960 suggests that gaps between the level of families at different stages in the life cycle may be widening.

If these gaps continue to widen, spending patterns of the different age classes might undergo considerable change. However, the forces that tend to obliterate these distinctions seem very strong. The mass communication of fashion, of ideas, and of innovations; the mass distribution of goods and services; the general improvement in education; the growth in urbanization--all tend to even out class differences in expenditures. Improvement in income, particularly in those age classes that have below-average income, would also even out differences in expenditures.

Whether spending patterns in the family life cycle will change also depends on possible changes in the life cycle itself, e.g., the usual age at marriage, at entry into the labor force, and at retirement. An increase in individual life spans, particularly among men, would also affect the total span of family life and the length of widowhood. A widespread change in the number of children per family or the spacing of children could affect the length of the growth periods in the cycle and the beginning of decline in activity.

Publications from the Survey of Consumer Expenditures, 1960-1961

The first series of Summaries of Expenditures, Income and Changes in Savings from the Survey of Consumer Expenditures is listed below. Each report, together with its supplement, contains 10 tables, each presenting data for the families classified by a single characteristic such as income, family size, age of family head, etc. The "All U.S." and "Rural Nonfarm" reports are joint reports obtainable from either the USDA or BLS; the "Rural Farm" reports may be ordered only from USDA; the "Urban" reports only from BLS.

USDA	BLS
Consumer Expenditure	
Survey Report No.:	Report No.:

All U.S., 1961

United States	15 & Supp. 1	237-93 & Supp. 1
Northeast	11 & Supp. 1	237-89 & Supp. 1
North Central	12 & Supp. 1	237-90 & Supp. 1
South	13 & Supp. 1	237-91 & Supp. 1
West	14 & Supp. 1	237-92 & Supp. 1

Rural Farm, 1961

United States	5
Northeast	1
North Central	2
South	3
West	4

Rural Nonfarm, 1961

United States	10 & Supp. 1	237-88 & Supp. 1
Northeast	6 & Supp. 1	237-84 & Supp. 1
North Central	7 & Supp. 1	237-85 & Supp. 1
South	8 & Supp. 1	237-86 & Supp. 1
West	9 & Supp. 1	237-87 & Supp. 1

Urban, 1960-61

United States	237-38 & Supp. 1
Northeast	237-34 & Supp. 1
North Central	237-35 & Supp. 1
South	237-36 & Supp. 1
West	237-37 & Supp. 1

Table 1.--EXPENDITURES FOR CURRENT CONSUMPTION BY AGE OF FAMILY HEAD:
All families and single consumers, United States, 1961

Category of consumption	All fam- lies	Age of family head (in years)						
		Under 25	25-34	35-44	45-54	55-64	65-74	75 and over
Expenditure for current consumption	\$5,038	\$4,225	\$5,476	\$6,198	\$5,974	\$4,611	\$3,302	\$2,257
Food, total	1,231	918	1,290	1,565	1,436	1,131	823	615
Food prepared at home	987	675	1,037	1,246	1,143	896	697	533
Food away from home	244	243	253	319	293	234	126	82
Tobacco	89	87	103	113	114	81	45	25
Alcoholic beverages ...	75	50	83	101	92	69	45	17
Housing, total	1,459	1,283	1,687	1,731	1,594	1,308	1,074	782
Shelter	659	639	772	778	705	580	483	369
Fuel, light, etc. ...	252	132	247	292	286	243	229	182
Household operation	287	224	334	337	315	266	212	150
Furnishings and equipment	261	288	334	324	287	219	149	81
Clothing	522	406	543	715	690	446	245	135
Personal care	146	122	152	185	179	137	88	58
Medical care	345	246	331	365	373	364	326	292
Recreation	201	192	249	271	235	168	89	36
Reading	45	26	45	53	51	43	35	25
Education	53	37	36	72	112	35	10	2
Transportation	761	820	878	906	932	700	439	211
Automobile	685	766	814	827	847	620	339	183
Other travel and transportation	76	53	64	79	85	80	100	28
Other expenditures	111	38	79	120	168	130	84	58

NOTE: Components may not add to totals due to rounding.

Source: Preliminary data, Consumer and Food Economics Research Division, ARS, USDA.

Table 2.--SPENDING PATTERNS BY AGE OF FAMILY HEAD: All families and single consumers, United States, 1961

Category of consumption	All	Age of family head (in years)						
		Under 25	25-34	35-44	45-54	55-64	65-74	75 and over
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Expenditure for current consumption	100	100	100	100	100	100	100	100
Food, total	24	22	24	25	24	25	25	27
Food prepared at home	20	16	19	20	19	19	21	24
Food away from home	5	6	5	5	5	5	4	4
Tobacco	2	2	2	2	2	2	1	1
Alcoholic beverages ...	1	1	2	2	2	1	1	1
Housing, total	29	30	31	28	27	28	33	35
Shelter	13	15	14	13	12	13	15	16
Fuel, light, etc. ...	5	3	5	5	5	5	7	8
Household operation	6	5	6	5	5	6	6	7
Furnishings and equipment	5	7	6	5	5	5	5	4
Clothing, etc.	10	10	10	12	12	10	7	6
Personal care	3	3	3	3	3	3	3	3
Medical care	7	6	6	6	6	8	10	13
Recreation	4	5	5	4	4	4	3	2
Reading	1	1	1	1	1	1	1	1
Education	1	1	1	1	2	1	<u>1/</u>	<u>1/</u>
Transportation	15	19	16	15	16	15	13	9
Automobile	14	18	15	13	14	13	10	8
Other travel and transportation	2	1	1	1	1	2	3	1
Other expenditures	2	1	1	2	3	3	3	3

NOTE: Percentages may not add to 100 due to rounding.

1/ 0.5 percent or less.

Source: Preliminary data, Consumer and Food Economics Research Division, ARS, USDA.

Table 3.--FAMILY CHARACTERISTICS BY AGE OF FAMILY HEAD: All families and single consumers, United States, 1961

Family characteristics	All	Age of family head (in years)						
		Under 25	25-34	35-44	45-54	55-64	65-74	75 and over
Average:								
Family size	3.2	2.8	4.0	4.3	3.5	2.4	1.9	1.7
Number of full-time earners8	.8	.9	1.0	1.1	.9	.3	.2
Age of head	49	22	30	39	49	59	69	79
Education of head ...	10	12	12	11	10	9	9	8
Number of children (under 18)	1.3	1.1	2.1	2.2	1.2	.4	.1	<u>1</u> /
Percent:								
Homeowners, all year	58	9	41	63	67	64	66	61
Auto owners, end of year	76	77	87	87	83	75	56	32
Nonwhite	11	13	11	12	11	10	9	8
With children (under 18)	51	68	83	81	56	19	6	3
With persons 65 years and older	25	<u>2</u> /	1	5	9	10	100	100
Average (dollars):								
Money income before taxes	6,293	4,563	6,413	7,667	7,766	6,218	4,105	2,715
Taxes	698	423	618	820	983	853	337	200
Money income after taxes	5,595	4,140	5,795	6,847	6,783	5,365	3,768	2,515
Personal insurance ..	298	187	307	397	420	273	127	54
Gifts and contributions	277	133	228	290	334	325	281	170
Savings <u>3</u> /	229	-117	187	297	308	305	146	97
Expenditures for current consumption ..	5,038	4,225	5,476	6,198	5,974	4,611	3,302	2,257
Percent:								
Urban	72.6	79.3	76.3	72.7	71.7	71.2	69.3	69.7
Rural nonfarm	21.1	17.7	20.0	21.3	19.8	20.2	24.2	25.5
Rural farm	6.4	3.0	3.7	6.0	8.5	8.6	6.5	4.8
Estimated number of families in universe (000's)	55,305	2,426	9,996	12,251	10,692	8,965	7,446	3,533
Percent of all families	100	4	18	22	19	16	13	6

NOTE: Components may not add to totals due to rounding.

1/ 0.05 or less. 2/ 0.5 percent or less. 3/ Net change in assets and liabilities.

Source: Preliminary data, Consumer and Food Economics Research Division, ARS, USDA.

Table 4.--Spending Patterns of Urban Families by Age of Family Head, 1960 and 1950

Category of consumption	Age of family head (in years)						
	Under 25 (Pct.)	25-34 (Pct.)	35-44 (Pct.)	45-54 (Pct.)	55-64 (Pct.)	65-74 (Pct.)	75 and over (Pct.)
1960							
Total	100	100	100	100	100	100	100
Food	21	23	25	24	25	27	27
Tobacco	2	2	2	2	2	2	1
Alcoholic beverages	2	2	2	2	2	2	1
Housing	31	31	29	27	29	32	36
Clothing	9	10	11	11	10	8	7
Personal care	3	3	3	3	3	3	3
Medical care	6	6	6	6	7	9	11
Recreation	4	4	4	4	3	3	2
Reading	1	1	1	1	1	1	1
Education	1	1	1	2	1	1	1/
Transportation	19	16	15	15	14	11	8
Miscellaneous	1	1	2	2	3	2	3
1950 2/							
Total	100	100	100	100	100	100	100
Food	26	28	29	28	29	30	31
Tobacco	2	2	2	2	2	2	1
Alcoholic beverages	1	2	2	1	2	1	1
Housing	28	28	28	26	27	30	35
Clothing	11	10	11	11	10	8	7
Personal care	2	2	2	2	2	2	2
Medical care	5	6	6	6	7	8	8
Recreation	5	5	5	4	4	3	2
Reading	1	1	1	1	1	1	1
Education	1	1/	1	1	1	1/	1/
Transportation	18	16	13	14	14	12	10
Miscellaneous	1	1	1	2	2	2	2

NOTE: Percentages may not add to 100 due to rounding.

1/ 0.5 percent or less.

2/ Percentage distribution based on 1950 expenditures converted to 1960 dollars by using deflators based on the Consumer Price Index.

Source: Bureau of Labor Statistics, Report No. 237-38, April, 1964;
Goldstein, Sidney, Consumption Patterns of the Aged, Study of Consumer Expenditures, Incomes and Savings, Univ. of Penn., 1960.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service

X SPENDING PATTERNS OF RURAL AND URBAN FAMILIES +

Talk by Jean L. Pennock
Consumer and Food Economics Research Division
at the 42nd Annual Agricultural Outlook Conference
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Once every ten years, by way of a nationwide consumer expenditure survey, we can hope to have a statistical picture of how American families live. The 1960-61 Survey of Consumer Expenditures, conducted jointly by the U.S. Department of Agriculture and the Bureau of Labor Statistics, gives us such a picture and provides the basis for the three papers presented on this program. The survey furnishes information on the incomes families received; their outlays for current consumption, personal insurance, and gifts and contributions; and the changes that occurred in their assets and liabilities. This information is, or will be, available for farm, rural nonfarm, and urban families, and for all three population groups combined. Within each of these population groups it is also (or will be) available for the four Census regions--Northeast, North Central, South, and West.^{1/}

This paper will present an overview of findings from the study: a brief description of spending patterns in the nation as a whole, a comparison of the patterns of rural and urban families, a comparison of the regions, and a look back to earlier years to see how we got to where we are now. From such information we can draw some conclusions as to where we are going. This paper will also present a background for the papers on selected segments of the population that will follow and with them will indicate where we should put our efforts to improve the levels of living of underprivileged groups.

In 1961 there were about 55,300,000 families or consumer units in the United States.^{2/} These families had incomes after the payment of personal

^{1/} The publications and issuing agencies are listed at the back of this paper.

^{2/} A family as defined in the Survey of Consumer Expenditures consists of (1) a group of people, usually living together, who pool their income and draw from a common fund for their major living expenses, or (2) a person who is financially independent whether living alone or in a household with others. Never-married persons living with their parents are always considered to be in the same family as their parents.

taxes, averaging about \$5,600. They spent about \$5,050 for current consumption, \$300 for personal insurance and \$275 for gifts and contributions, and improved their asset and liability position by a net gain of about \$225 (table 1).^{3/}

Since almost three-fourths of these families lived in urban places, this pattern of family income and outlays is very close to the urban pattern. All U.S. averages except net change in assets and liabilities are somewhat below the urban level, pulled down by averages in the rural nonfarm and rural farm segments that were considerably below the urban. In the exception, net change in assets and liabilities, the savings of the farm segment pulled up the U.S. average.

Comparison of Farm, Rural Nonfarm and Urban Spending Patterns

In these 1961 data, the information about rural nonfarm families is of particular interest since we have had no information about them on a national scale since 1941. We have, in the intervening years, assumed that the incomes of rural nonfarm families were smaller than those of urban families and larger than those of farm families and that their outlays were also in the range between urban and farm. We now can pinpoint their position. (Figure 1.) As to income, the position of rural nonfarm families (\$4,700) is much nearer that of farm families (\$4,420) than of urban families (\$5,960). In their use of income, however, they are more like urban families. They spent 91 percent of their income for current consumption in comparison to urban spending of 90 percent and farm spending of only 81 percent. Rural nonfarm and urban families both saved 4 percent of income but farm families saved 12 percent. All three groups were much alike in spending for personal insurance and making gifts and contributions. Each of these two outlays took about 5 percent of income from each population segment.

The differences in income and expenditures between population groups are considerable (fig. 1). The average income of urban families was 35 percent greater than the average of farm families, and the average urban expenditure for current consumption was 50 percent greater than the farm average. Since family size varies among the three population groups in the inverse order to income and expenditures, a chart drawn on the basis of individuals rather than families would show even greater differences. On a per capita basis urban income in 1961 was 43 percent greater than rural nonfarm income and 65 percent greater than farm income. Urban per capita expenditures for current consumption were 41 percent greater than rural nonfarm expenditures and 84 percent greater than farm expenditures.

^{3/} The difference between income and expenditures shown here is in other money receipts and errors in reporting (account balancing difference).

These differences between farm and nonfarm people are sizable, but in 1941, the most recent year for which we can make across-the-board comparisons, differences were even greater. In that year urban families had ^{4/}disposable incomes averaging 210 percent of the incomes of farm families and expenditures for current consumption averaging 250 percent of farm family expenditures. Over the same period the gap between urban and rural nonfarm income dwindled from 182 to 127 percent and in family expenditures from 180 to 125 percent.^{5/}

Housing.--Currently the outstanding difference in the expenditure patterns of farm and nonfarm families is in the housing categories (fig. 2). Urban families put 4 percent more of their total spending for current consumption into housing and rural nonfarm families 2 percent more than farm families. This appears to be a real difference in the needs and preferences of families in the three population groups since urban families at a given income level and within a region consistently spend more on housing than rural nonfarm families and both spend more than farm families.

The relationship between the population groups in the proportion of total spending used for housing that appears in these data conforms with our knowledge of the dwellings occupied by these groups. The 1960 Census of Housing indicates that farm housing is in poorer condition than either rural nonfarm or urban and is less likely to have running water, a bathroom, and central heating. The average urban dwelling has a higher value than the average rural nonfarm, the same source indicates.

Food.--Urban and rural nonfarm families also used slightly larger proportions of their total spending for food and beverages--urban families, 1 percentage point more; rural nonfarm, 2. If farm families had not supplemented their food purchases by home production,^{6/} the positions of farm and nonfarm families would have been reversed.

^{4/} The 1941 data pertain to farm-operator families, the 1961 data to families living on farms. The indications are that the inclusion of other families than farm-operator in 1961 lowered the average income about 3 percent and had virtually no effect on the level of consumption. The precise effect of the change in universe from farm-operator families to all families on farms will be investigated later. Changes in the definition of a farm (by the U.S. Bureau of the Census) have resulted in transferring some marginal tracts from the farm to the nonfarm population and have probably had the effect of raising the level of income per farm family.

^{5/} It should be noted that the improvement in the relative position of farm and nonfarm families has not been a constant and continuing change over the intervening years. The USDA series on per capita income of the farm population shows that the ratio between the per capita income of the farm population and nonfarm population was higher in 1948 and 1951 than in 1961. (See Handbook of Agricultural Charts 1964, Agriculture Handbook No. 275, p. 3.)

^{6/} Later reports from the CES will include estimates of the money value of home-produced food to farm, rural nonfarm and urban families.

Recreation.--In figure 2, urban families are also seen to use a slightly larger percentage of consumption expenditures than rural families on the group of small categories thrown together and described as "other" for charting purposes. This difference is mostly the result of spending proportionately more for recreation and is due to the difference in average income level of the urban and rural people. Recreation expenditures tend to take an increasing proportion of total spending as income rises and the urban average is higher than the rural nonfarm and farm.

Clothing.--In the farm spending pattern relatively low expenditures for the housing categories and food and beverages were balanced by relatively high expenditures for clothing, transportation, and medical care. For each of these categories farm families used 2 percentage points more than urban families. In spending for clothing and medical care the patterns of rural nonfarm families resembled those of urban families but in spending for transportation they were like farm patterns.

Farm families put a larger proportion of their total consumption expenditures into clothing than did urban and rural nonfarm families because their families were larger. For each individual, farm and rural nonfarm families used smaller proportions than urban families; rural nonfarm families used the smallest.

Transportation.--Differences in spending on transportation stem from the greater dependence of rural families on the automobile as a means of getting around. This dependence can be seen in the increasing proportion of families owning a car or truck with an increase in the degree of rurality. In urban areas 73 percent of families owned a car or cars for family use as contrasted with 82 percent of rural nonfarm families and 91 percent of farm families. At most income levels average expenditures of rural nonfarm families having cars or trucks for family use were equal to or larger than expenditures of urban owners, but expenditures of farm owners were smaller. The difference in the level of expenditures of farm and nonfarm owners may be real or it may result from the division of total car and truck expense between the family and the farm by farm operators. Urban families spend relatively more than rural families on public transportation, but this difference is not great enough to counterbalance the difference in spending on automobiles.

Medical care.--This category, like food, generally takes a decreasing proportion of total spending as family income increases. Farm families, having the lower average income, use a larger proportion of their total expenditures for medical care. Farm families also have to meet a larger proportion of their medical expenses out of their own pockets than do nonfarm families, many of whom receive their medical insurance, in whole or in part, as a fringe benefit of their employment.

Regional Differences in Families and Their Spending Patterns

Some references to regional differences have been made in explaining differences between the population groups. These differences warrant more systematic consideration, however.

The South is the most populous, though not most densely populated, of the four Census regions. It is the most heavily rural of the four regions, but in 1961, 62 percent of its families were urban. It has almost half the farm families of the nation--45 percent--but even so, farm families make up only 10 percent of its total population. It has 40 percent of the total number of rural nonfarm families but only 28 percent of its population is rural nonfarm.

The North Central region is second to the South in population and also second to it in the proportions that are rural.

The Northeast is the most heavily urban. Only 18 percent of its families live outside urban areas--16 percent in rural nonfarm areas and 2 percent on farms.

The West, considerably less populous than the other regions, is also heavily urban. Only 20 percent of its families lived outside urban areas but its farm population was somewhat more important in the total than in the Northeast--4 percent.

A smaller proportion of farm families in the South than in other regions were farm operators and a larger proportion either worked for others or were retired.^{7/} The proportion of full time farm operators was highest in the West and North Central.

In all regions urban families had higher average incomes than rural families. In the South and Northeast, farm families had the lowest; in the North Central and West, rural nonfarm incomes were below farm. The greatest intraregional difference in incomes between population groups was in the South.

Spending for current consumption does not show the same interregional and intraregional differences among the three population groups as does the income distribution. In each region the ranking of the population groups is the same--the urban family spends most and the farm family least (fig. 3). In all regions the differences in spending between farm and urban are greater than differences in income. However, the differences among the groups in spending are much more consistent between regions than are differences in income. The level of spending by farm families varied from 68 percent of

^{7/} Based on a distribution of families by the occupation of the family head in which farm operators are included with other self-employed family heads in a single class. Until more detailed tabulations are received, it is assumed substantially all the self-employed are farm-operators.

the level of urban families in the Northeast to 79 percent in the West, whereas the level of farm family income varied from 71 percent of urban income in the South to 96 percent in the West. More stable relationships as to level of expenditures than as to income level are to be expected because there is less short-term variation in expenditure than in income.

Differences in Expenditure Patterns over Time

Expenditure patterns are not static. Changes in our way of life are reflected in our expenditure patterns. The development of new goods and services, increased leisure to enjoy consumer goods and services, population movements, and the changing composition of the population, all affect our expenditure patterns. A very important determinant of these patterns is the amount of money we have to spend at any given time. Shifts in the relative prices of the goods and services we buy also result in changed expenditure patterns.

The 1961 data give us our first observation on the total U.S. population since 1941. This is true, also, of the rural nonfarm population. For the urban population there are data for 1950 in addition to the data for 1941 and 1960-61. And for the farm population there are 1955 data as well as those for 1941 and 1961.

All families.--The greatest difference between the 1941 and 1961 spending patterns of the nation as a whole is the decreased importance of food in 1961. The category dropped from 31 to 26 percent of total spending. A shift of 5 percentage points in the spending pattern is a very great change, as the amount of comment this decrease has aroused testifies. It can be attributed to a complex of many factors, the most important of which undoubtedly is the increase in real incomes.

Expenditures for clothing took 2 percentage points less in 1961 than in 1941. Less change in clothing prices than in prices of all family living items combined brought about some of this change. The development of a more casual style of dressing as a result of changes in our way of life was a more important factor, however.

Balancing these decreases are sizable increases in the importance of transportation (3 percentage points) and medical care (2 percentage points) and minor increases in other fields. The change in the position of transportation can be attributed to our increased dependence on our automobiles. In 1941, 58 percent of families had cars, in 1961 the proportion had risen to 76 percent.

The increase in the importance of medical care in the spending pattern over a period during which real income rose is remarkable since at a given point in time the proportion of total spending used for medical care varies

inversely with income level. Greater increases in prices for medical care than for the rest of the budget is one factor bringing about increased expenditures. Technological changes also account in part for the increase. We have better medical care than we had, but some of the new procedures and drugs are costly. Distributing the impact of medical costs more evenly through health insurance makes it possible for a family to carry a somewhat higher average cost with no more financial strain. Still another factor is the increased proportion of elderly persons in our present population, for per capita medical costs increase with age.

Urban families.--The shifts that occurred in the expenditure patterns of urban families between 1941 and 1960-61 were of the same magnitude as the shifts in the patterns of all families. The 1950 data, available for this population group only, points up the fact that the shift was not made at a constant rate.

In 1950 food took as large a proportion of total spending as in 1941. The decrease commented on above occurred after 1950. In the period before 1950 food prices rose more sharply than other prices, tending to maintain the position of food in the budget even though real income was rising.

Part of the decline noted in the importance of clothing in the budget occurred before 1950 but a larger part occurred after 1950. In the early period clothing prices rose more rapidly than the total price index, in the latter period very much more slowly.

The share of transportation in the budget rose about as much between 1941 and 1950 as between 1950 and 1960-61. The share of medical care, however, rose considerably more in the second decade than in the first, reflecting the rapid rise of medical prices in the later period.

Housing in the expenditure patterns of both the total and urban populations was in about the same position in 1941 and 1960-61. In the urban data for 1950, however, it is 2 percentage points lower. Shelter, the largest component of housing declined even more--3 percentage points--between 1941 and 1950, largely because of rent control. Relaxation of rent control and the building boom of the 1950's that resulted in improved housing for the nation returned shelter to its 1941 position in 1960-61. Another component of housing, housefurnishings and equipment, rose 2 percentage points between 1941 and 1950 and by 1960-61 declined again to its 1941 position. Here a marked price rise before 1950 and very little change since, coupled with scare buying brought on by the Korean crisis, were responsible.

Rural nonfarm families.--Differences between the 1941 and 1961 spending patterns of rural nonfarm families are much the same as in the total population. In a few categories rural nonfarm patterns changed more sharply, however. Most notable was the larger increase in spending on the automobile by rural nonfarm families than by all families. This was balanced by a bigger decrease in spending for clothing and a smaller increase in spending

on medical care. Recreation increased in importance in the rural nonfarm spending pattern while maintaining the same position in the pattern of all families. Housefurnishings and equipment, which also maintained a constant position in the spending patterns of all families, decreased in importance for rural nonfarm families.

Rural farm families.--Comparison of the spending patterns of farm families is complicated by the fact that the group that is called "farm families" is not a constant entity in the three studies. The unit to be accepted as a farm was defined more stringently in each of the successive studies.^{8/} This must have had an effect on average income and therefore on the patterns of spending. In the 1961 study, moreover, the farm group was made up of all families on farms whereas in the earlier surveys it included families of farm operators only.^{9/} Preliminary analysis indicates that this change in the universe had little effect on the spending patterns of farm families.

Spending patterns, however, have been affected by changes in survey procedures. In the 1941 survey all rent and ownership expenses (taxes and mortgage interest) were treated as a farm expense and excluded from the family account. In the 1955 survey a share of ownership expenses were assigned the family account, and in 1961 a share of both rent and ownership expenses were so assigned. Thus spending on housing appears to have increased more than it actually has. If rent had been handled in the 1961 data as it was in the 1955 data, shelter would have taken about 2 percent less of total spending and all other categories would be fractionally larger. Food and beverages, for example, would then account for 25.4 percent of total spending rather than 24.8 percent as shown in tables 1 and 4.

Although not all of the change in spending for shelter that these data (table 4) show occurred between 1941 and 1961 is real, an undetermined amount of it must be accepted. There is evidence, notably in Census data, of an improvement in the level of farm housing and a comparable increase in expenditures is, therefore, to be expected.

As in the spending patterns of all families, the patterns of farm families show a continuing decrease in the emphasis on spending for food, housefurnishings and equipment, and clothing. These are balanced by increased emphasis in spending for transportation and medical care, in addition to shelter. The changes in spending on transportation, housefurnishings and equipment, and clothing have been sharper than changes in the all-families pattern.

^{8/} In each, the definition was that most recently used in the Census of Agriculture.

^{9/} Movement out of or into the farm group is, of course, balanced by an equal movement into or out of the nonfarm groups, principally the rural nonfarm. These latter groups can be expected to show less effect from the movement, however, because of their larger size.

Conclusions and Outlook

In 1961 the after-tax incomes of farm families were about as close, percentagewise, to those of urban families as they had been since pre-depression days. Farm and urban families are more alike in their use of income than they have ever been.

There is no indication from other sources that any breakthrough on closing the income gap is to be expected in the near future. It is more likely that the relationship will continue to vary irregularly, influenced to a great extent by year-to-year variations in farm income. Over the long run, a continuing decrease in the size of the farm population will tend to raise the average income of those who remain on farms.

In the use of income a difference between farm and nonfarm families in the rate of saving will continue. In saving more, however, farm families will be acting in much the same way as the smaller group of entrepreneurs in the urban population.

We can expect the trend to greater similarity in spending patterns of the farm and nonfarm population to continue. As farming becomes more completely a money economy and as the farm and urban communities become more tightly knit this is inevitable. We are becoming "one world" on this level as well as on the international level.

Publications from the Survey of Consumer Expenditures, 1960-61

The first series of Summaries of Expenditures, Income and Changes in Savings from the Survey of Consumer Expenditures is listed below. Each report, together with its supplement, contains 10 tables, each presenting data for the families classified by a single characteristic such as income, family size, age of family head, etc. The "All U.S." and "Rural Nonfarm" reports are joint reports obtainable from either the USDA or BLS; the "Rural Farm" reports may be ordered only from USDA; the "Urban" reports only from BLS.

	USDA Consumer Expenditure Survey Report No.:	BLS Report No.:
<u>All U.S., 1961</u>		
United States	15 & Supp. 1	237-93 & Supp. 1
Northeast	11 & Supp. 1	237-89 & Supp. 1
North Central	12 & Supp. 1	237-90 & Supp. 1
South	13 & Supp. 1	237-91 & Supp. 1
West	14 & Supp. 1	237-92 & Supp. 1
<u>Rural Farm, 1961</u>		
United States	5	
Northeast	1	
North Central	2	
South	3	
West	4	
<u>Rural Nonfarm, 1961</u>		
United States	10 & Supp. 1	237-88 & Supp. 1
Northeast	6 & Supp. 1	237-84 & Supp. 1
North Central	7 & Supp. 1	237-85 & Supp. 1
South	8 & Supp. 1	237-86 & Supp. 1
West	9 & Supp. 1	237-87 & Supp. 1
<u>Urban, 1960-61</u>		
United States		237-38 & Supp. 1
Northeast		237-34 & Supp. 1
North Central		237-35 & Supp. 1
South		237-36 & Supp. 1
West		237-37 & Supp. 1

Table 1.--Expenditures for Current Consumption, Income and Savings, All U.S.,
Farm, Rural Nonfarm and Urban Families and Single Consumers, 1961

Item	Average Per Family				Percent of Expenditures for Current Consumption			
	All U.S. 1/	Rural farm	Rural nonfarm	Urban	All U.S.	Rural farm	Rural nonfarm	Urban
Expenditures for current consumption	\$5,038	\$3,594	\$4,296	\$5,381	100.0	100.0	100.0	100.0
Food and beverages	1,306	893	1,133	1,393	25.9	24.8	26.4	25.9
Tobacco	89	64	85	93	1.8	1.8	2.0	1.7
Housing, total	1,459	917	1,189	1,585	29.0	25.5	27.7	29.4
Shelter, fuel, light, refrigeration, and water	911	541	727	997	18.1	15.1	16.9	18.5
Household operation	287	156	222	317	5.7	4.3	5.2	5.9
Housefurnishings and equipment	261	220	240	271	5.2	6.1	5.6	5.0
Clothing, materials, services	522	427	408	563	10.4	11.9	9.5	10.5
Personal care	146	106	123	156	2.9	2.9	2.9	2.9
Medical care	345	310	297	362	6.8	8.6	6.9	6.7
Recreation	201	123	165	218	4.0	3.4	3.8	4.1
Reading and education	98	64	68	109	1.9	1.8	1.6	2.0
Transportation	761	613	737	782	15.1	17.1	17.1	14.5
Automobile	685	588	700	690	13.6	16.4	16.3	12.8
Other	76	25	37	92	1.5	.7	.9	1.7
Other expenditures	111	77	91	120	2.2	2.1	2.1	2.2
Personal insurance	298	200	241	323	--	--	--	--
Gifts and contributions	277	220	221	298	--	--	--	--
Net change in assets and liabilities	229	519	176	219	--	--	--	--
Income after taxes	5,595	4,424	4,700	5,957	--	--	--	--
Other receipts	90	98	76	93	--	--	--	--
Account balancing difference 2/	-157	-10	-158	-171	--	--	--	--
Average family size 3/	3.2	3.8	3.5	3.1	--	--	--	--

1/ Preliminary data.

2/ A measure of the net reporting discrepancy. If reported receipts are less than disbursements (including net change in assets and liabilities), the balancing difference is negative (-).

3/ In year-equivalent persons.

Table 2.--Receipts and Disbursements, by
Region and Urbanization, 1961

Item	U.S.	North- east	North Central	South	West
<u>All families</u>					
Income after taxes	\$5,595	\$6,436	\$5,536	\$4,600	\$6,217
Other receipts	90	115	103	70	63
Net change in assets and liabilities	229	208	327	172	197
Personal insurance	298	346	296	245	324
Gifts and contributions	277	333	257	229	314
Expenditures for current consumption	5,038	5,861	4,896	4,190	5,563
Account balancing difference	-157	-197	-137	-166	-118
<u>Farm</u>					
Income after taxes	4,424	5,057	4,878	3,592	6,149
Other receipts	98	93	125	71	119
Net change in assets and liabilities	519	611	709	243	1,006
Personal insurance	200	227	230	149	302
Gifts and contributions	220	238	224	168	455
Expenditures for current consumption	3,594	4,053	3,811	3,157	4,522
Account balancing difference	-10	21	29	-55	-17
<u>Rural nonfarm</u>					
Income after taxes	4,700	5,710	4,697	3,977	5,438
Other receipts	76	112	95	35	105
Net change in assets and liabilities	176	143	295	123	134
Personal insurance	241	343	234	192	260
Gifts and contributions	221	254	209	207	243
Expenditures for current consumption	4,296	5,342	4,190	3,615	5,090
Account balancing difference	-158	-260	-135	-125	-184
<u>Urban</u>					
Income after taxes	5,957	6,604	5,863	5,036	6,386
Other receipts	93	116	103	86	52
Net change in assets and liabilities	219	212	289	183	174
Personal insurance	323	349	322	283	338
Gifts and contributions	298	350	275	249	323
Expenditures for current consumption	5,381	5,998	5,236	4,608	5,711
Account balancing difference	-171	-190	-155	-201	-108

Data for all families are preliminary.

Preliminary Data
October 1964

Table 3.--Average Income, Savings, and Outlays, Distribution of Expenditures for Current Consumption, All Families and Single Consumers, United States, 1961 and 1941

Items		1961	1941
Money income after taxes	dollars	5,595	1,948
Other money receipts	do	90	19
Net changes in assets and liabilities ..	do	229	129
Gifts and contributions	do	277	88
Personal insurance	do	298	89
Expenditures for current consumption ...	do	5,038	1,666
Account balancing difference <u>1/</u>	do	-157	-5
Expenditures for current consumption <u>2/</u> ..	percent	100.0	100.0
Food and beverages	do	25.9	31.0
Tobacco	do	1.8	2.1
Housing, total	do	29.0	28.1
Shelter, fuel, light, refrigeration, and water	do	18.1	17.4
Household operation	do	5.7	5.1
Housefurnishings and equipment	do	5.2	5.6
Clothing, materials, services	do	10.4	12.3
Personal care	do	2.9	2.2
Medical care	do	6.8	5.0
Recreation	do	4.0	4.1
Reading and education	do	1.9	1.9
Transportation	do	15.1	12.3
Automobile	do	13.6	10.3
Other	do	1.5	2.0
Other expenditures	do	2.2	1.0
Average family size <u>3/</u>	number	3.2	3.3

1/ A measure of the net reporting discrepancy. If reported receipts are less than disbursements (including net change in assets and liabilities), the balancing difference is negative (-).

2/ The classification of items into categories in the two surveys is not always comparable.

3/ In year-equivalent persons.

Table 4.--Average Income, Savings, and Outlays, Distribution of Expenditures for Current Consumption, Farm Families and Single Consumers, United States, 1961, 1955, 1941

Items		1961 <u>1</u> /	1955 <u>2</u> /	1941 <u>3</u> /
Money income after taxes	dollars	4,424	4/	1,130
Other money receipts	do	98	4/	25
Net changes in assets and liabilities..	do	519	4/	262
Gifts and contributions	do	220	152	41
Personal insurance	do	200	86	32
Expenditures for current consumption ..	do	3,594	2,903	823
Account balancing difference <u>5</u> /	do	-10	4/	-3
Expenditures for current consumption <u>6</u> /	percent	100.0	100.0	100.0
Food and beverages	do	24.8	29.1	30.4
Tobacco	do	1.8	1.7	2.1
Housing, total	do	25.5	24.1	21.1
Shelter <u>7</u> /	do	8.6	6.6	2.6
Fuel, light, refrigeration, and water	do	6.4	6.5	6.4
Household operation	do	4.3	3.9	4.1
Housefurnishings and equipment	do	6.1	7.1	8.0
Clothing, materials, services	do	11.9	14.0	16.4
Personal care	do	2.9	2.4	2.4
Medical care	do	8.6	8.3	7.3
Recreation	do	3.4	4.2	3.2
Reading and education	do	1.8	1.5	1.8
Transportation	do	17.1	13.0	13.2
Automobile	do	16.4	12.4	12.5
Other	do	.7	.6	.7
Other expenditures	do	2.1	1.8	2.1
Average family size <u>8</u> /	number	3.8	3.8	4.0

1/ The universe consists of families and single consumers living on rural farms.

2/ The universe consists of families and single consumers operating farms, urban and rural.

3/ The universe consists of families and single consumers operating rural farms.

4/ Not available.

5/ A measure of the net reporting discrepancy. If reported receipts are less than disbursements (including net change in assets and liabilities), the balancing difference is negative (-).

6/ The classification of items into categories in the three surveys is not always comparable.

7/ The method of computing shelter in the three surveys is not strictly comparable.

8/ In year-equivalent persons.

Table 5.--Average Income, Savings, and Outlays, Distribution of Expenditures for Current Consumption, Rural Nonfarm Families and Single Consumers, United States, 1961 and 1941

Items		1961 <u>1/</u>	1941 <u>2/</u>
Money income after taxes	dollars	4,700	1,300
Other money receipts	do	76	22
Net changes in assets and liabilities ...	do	176	64
Gifts and contributions	do	221	55
Personal insurance	do	241	52
Expenditures for current consumption	do	4,296	1,147
Account balancing difference <u>3/</u>	do	-158	4
Expenditures for current consumption <u>4/</u> ..	percent	100.0	100.0
Food and beverages	do	26.4	31.5
Tobacco	do	2.0	2.1
Housing	do	27.7	26.9
Shelter, fuel, light, refrigeration, and water	do	16.9	15.6
Household operation	do	5.2	4.4
Housefurnishings and equipment	do	5.6	6.9
Clothing, materials, services	do	9.5	11.9
Personal care	do	2.9	2.1
M Medical care	do	6.9	5.8
Recreation	do	3.8	3.0
Reading and education	do	1.6	1.7
Transportation	do	17.1	13.4
Automobile	do	16.3	12.2
Other	do	.9	1.2
Other expenditures	do	2.1	1.6
Average family size <u>5/</u>	number	3.5	3.4

1/ The universe consists of families and single consumers living in rural nonfarm areas.

2/ The universe consists of nonoperator families and single consumers on farms and in rural nonfarm areas.

3/ A measure of the net reporting discrepancy. If reported receipts are less than disbursements (including net change in assets and liabilities), the balancing difference is negative (-).

4/ The classification of items into categories in the two surveys is not always comparable.

5/ In year-equivalent persons.

Table 6.--Average Income, Savings, and Outlays, Distribution of Expenditures for Current Consumption, Urban Families and Single Consumers, 1960-61, 1950, and 1941

Items	1960-61	1950	1941
Money income after taxes dollars	5,906	3,910	2,372
Other money receipts do	82	49	14
Net changes in assets and liabilities . do	177	-74	117
Gifts and contributions do	303	165	112
Personal insurance do	324	177	117
Expenditures for current consumption .. do	5,390	3,808	2,060
Account balancing difference <u>1/</u> do	-207	-117	-20
Expenditures for current consumption <u>2/</u> percent	100.0	100.0	100.0
Food and beverages do	26.0	31.4	30.9
Tobacco do	1.8	1.8	2.1
Housing do	29.5	27.2	29.0
Shelter, fuel, light, refrigeration, and water do	18.4	15.6	18.7
Household operation do	5.9	4.7	5.3
Housefurnishings and equipment do	5.1	6.9	5.0
Clothing, materials, services do	10.4	11.5	12.0
Personal care do	2.9	2.2	2.2
Medical care do	6.6	5.2	4.7
Recreation do	4.0	4.4	4.4
Reading and education do	2.0	1.5	1.9
Transportation do	14.7	13.4	12.0
Automobile do	13.0	11.6	9.6
Other do	1.7	1.8	2.4
Other expenditures do	2.2	1.4	.8
Average family size <u>3/</u> number	3.1	3.0	3.0

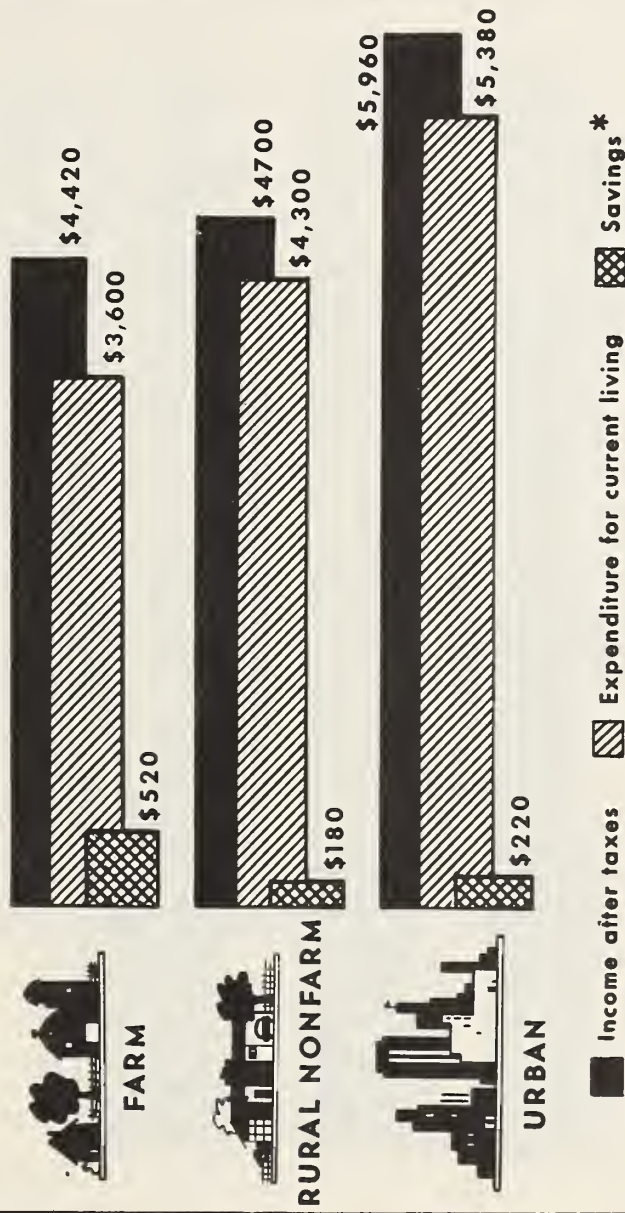
1/ A measure of the net reporting discrepancy. If reported receipts are less than disbursements (including net change in assets and liabilities), the balancing difference is negative (-).

2/ The classification of items into categories in the three surveys is not always comparable.

3/ In year-equivalent persons.

INCOME, EXPENDITURES, AND SAVINGS

Average Per Family, 1961



BLS. AND USDA DATA.

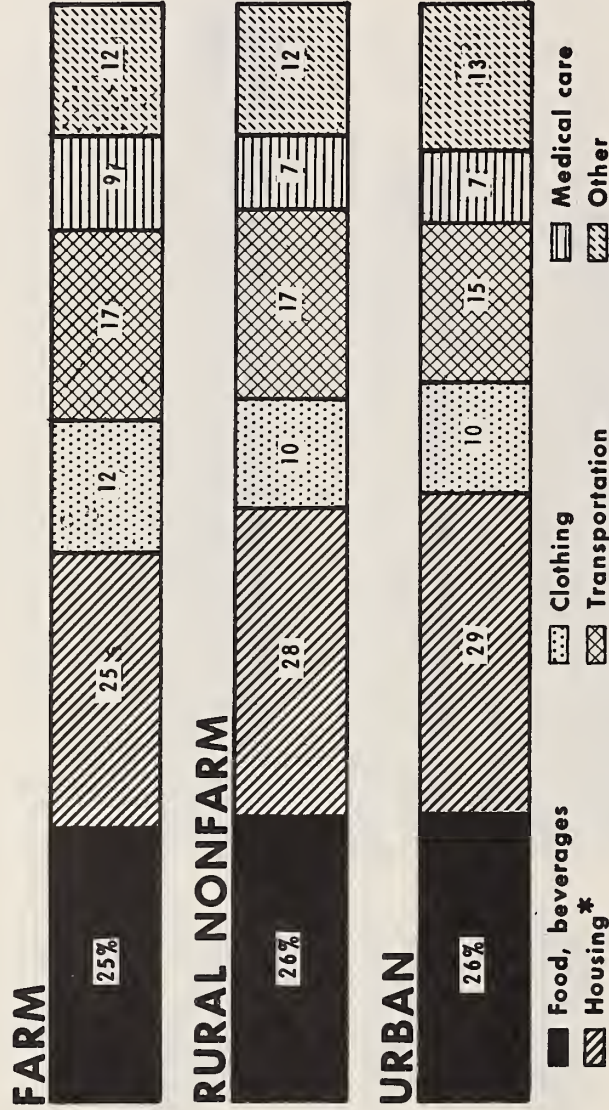
*NET CHANGE IN ASSETS AND LIABILITIES.

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Figure 1

FAMILY EXPENDITURE PATTERNS 1967



BLS. AND USDA DATA.

* INCLUDES HOUSEHOLD OPERATION, FURNISHINGS AND EQUIPMENT.

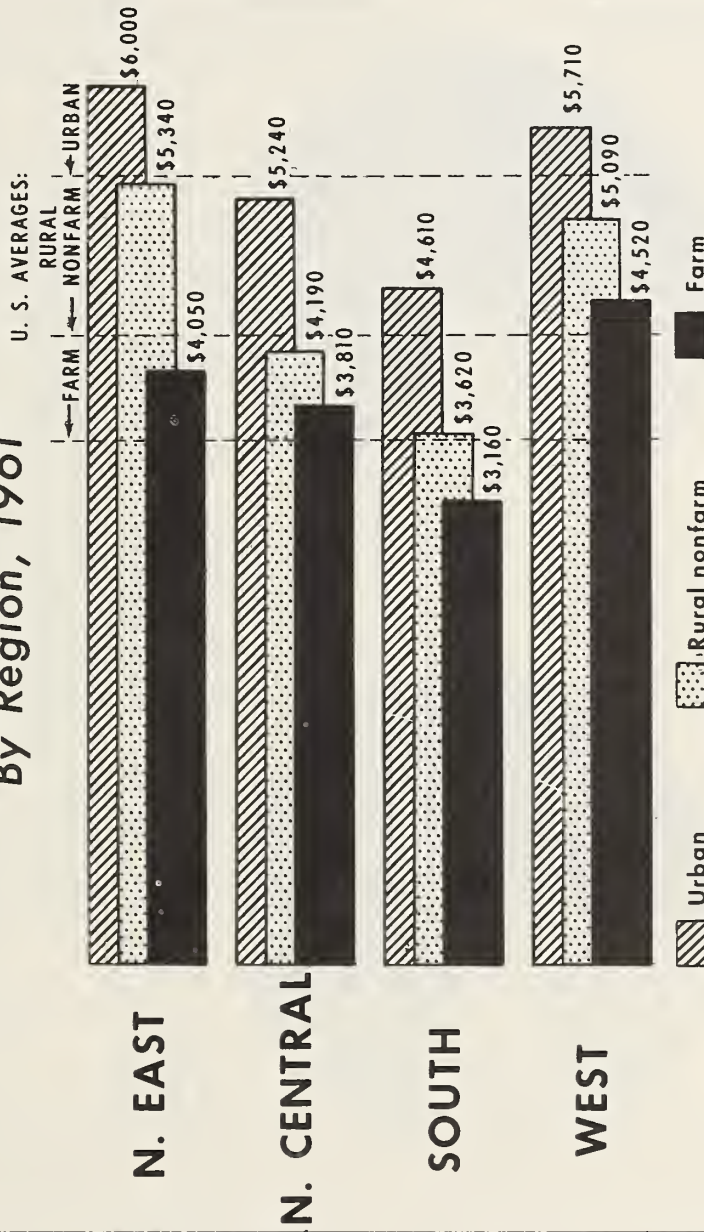
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Figure 2

SPENDING FOR FAMILY LIVING

By Region, 1961



BLS. AND USDA DATA.

U. S. DEPARTMENT OF AGRICULTURE

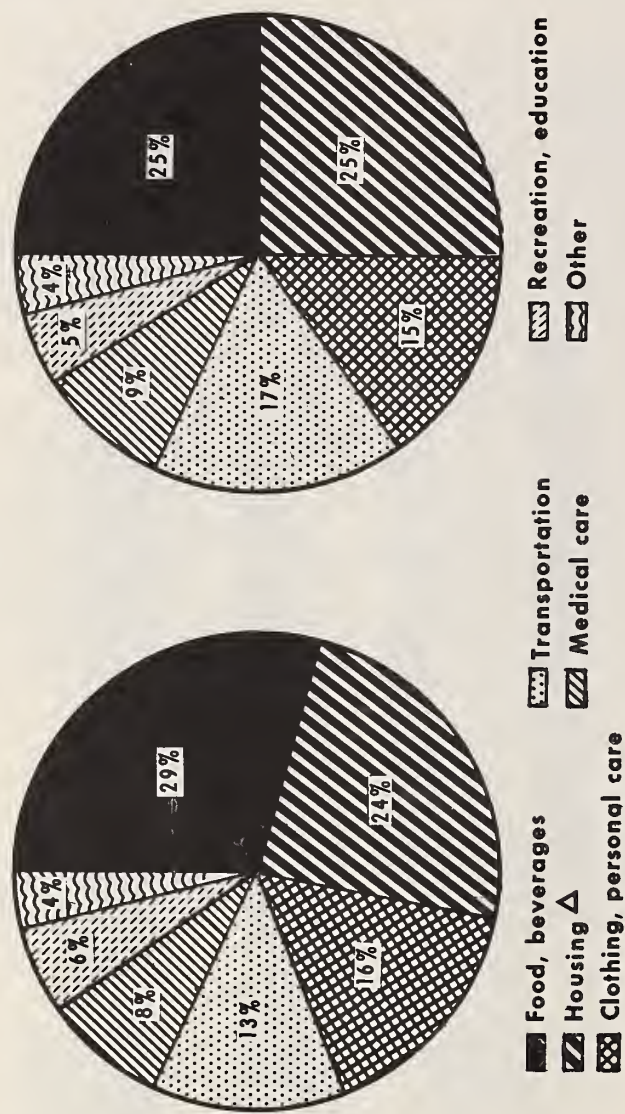
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Figure 3

SPENDING THE FARM FAMILY DOLLAR

1955*

1961^o



*FARM-OPERATOR FAMILIES. ^oFAMILIES LIVING ON FARMS.
△ INCLUDES HOUSEHOLD OPERATIONS; FURNISHINGS AND EQUIPMENT.

Figure 4

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service

X SPENDING PATTERNS OF LOW-INCOME FAMILIES +

Talk by Emma G. Holmes

Consumer and Food Economics Research Division
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 2:45 p.m., Tuesday, November 17, 1964

Low-income families have been very much in the spotlight since President Johnson declared "all-out war on poverty" early this year and Congress passed the Economic Opportunity Act. By this time many of you have become involved with programs focused on the problems of low-income families. Those of you who are not already involved will probably become so, in one way or another. Whether you are working directly with low-income families, preparing materials for others to use in working with them, interpreting the Economic Opportunity Act, or advising local committees on problems of low-income families you will find the survey of consumer expenditures in 1961 a valuable source of background information. This survey was a joint project of the U. S. Department of Agriculture and the Bureau of Labor Statistics.

It was a desire to understand the problems of low-income families that prompted the earliest studies of family expenditure. The Reverend David Davies, an English clergyman, made the first systematic collection of family income and expenditure records in 1795, for the purpose of learning about the actual circumstances of the poor in his parish. Studies of working class families in Belgium, France, and Saxony in the mid-1800's were the basis of the first statistical summaries of family expenditures, from which were evolved the familiar "Engel's laws."

Early studies of family spending in our own country were also largely studies of poverty. They aimed to highlight the "high cost of living," the adequacy or inadequacy of earnings, and living conditions in mill towns and cities. Though recent expenditure studies have had other purposes, we still turn to them to find out how families at low income levels live.

Defining "low income"

One problem in discussing low-income families is to define what low income is. "Low income" in 1961 when the median income of U.S. families was \$5,700 must be something much different from "low income" in 1944 when the median was \$2,500. 1/ President Johnson has used \$3,000 before taxes, in 1962 dollars, as the boundary between poor and more affluent families, and \$1,500 for single individuals. The tabulations we have from the 1961 Consumer Expenditure Survey do not permit us to use this same division, so we have come as near to it as possible. The families I

1/ U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Consumer Income, Series P-60, Nos. 9 and 38.

will be designating as "low income" are those with less than \$3,000 income after tax, and of course in 1961 dollars since the survey data relate to that year. This means we are using a slightly higher income level as a boundary than the President did.

Actually, of course, no one income figure can really distinguish the "poor" from the well off. "By the poor," says the Economic Report of the President, "we mean ... those whose basic needs exceed their means to satisfy them. A family's needs depend on many factors, including the size of the family, the ages of its members, the condition of their health, and their place of residence. The ability to fulfill these needs depends on current income from whatever source, past savings, ownership of a home or other assets, and ability to borrow." ^{2/} The after-tax income of less than \$3,000 we are using to identify low-income families may, in some cases, be sufficient to meet basic needs. For example, a 2-person family, with a home paid for, a stock of household durables in good condition, and a plentiful supply of home-produced food might get along quite well with an income that small. On the other hand, a family of 8 or 9, living in rented quarters in a city, would undoubtedly be "poor" with less than \$3,000 to live on--or possibly even with several thousand dollars more.

A special tabulation of 1960 Census data shows how an adjustment for family size and age affects the income distribution of urban families. ^{3/} The adjustment takes into account the fact we have just discussed--that the size and age composition of the family makes a difference in the kind of living a given income will provide. The scale used in making the adjustment was developed by the Bureau of Labor Statistics to measure the relative income required by urban families of different sizes and ages to maintain a specified level of living. Here is an example of how it works: The average 2-person family with head under 35 needs 59 percent as much money as the standard 4-person family (with head 35 to 54 years old) to buy the same level of material well-being. Therefore, an income of \$3,000 for the younger 2-person family is equivalent to an income of \$5,085 for the older 4-person family (\$3,000 divided by .59).

Putting urban families on an equivalent income basis in this way reduced the percentage with income under \$3,000 in 1959 from about 16 to 12 percent. It also changed the family size distribution of the low-income urban class. For example, 54 percent of the group with reported incomes under \$3,000 were 2-person families, as compared with 38 percent of the group with adjusted incomes under \$3,000. Families of 6 or more persons made up only 9 percent of the group reporting incomes of less than \$3,000, but 19 percent of the adjusted low-income class.

I want to add here that "families" as used by the Census Bureau does not include single individuals, such as bachelors or bachelor girls living alone. However, the term "family" as we will be using it in discussing the Consumer Expenditure Survey does include single individuals as well as families. It refers to what are sometimes known as "consumer units."

^{2/} Economic Report of the President, Transmitted to the Congress, January 1964, p. 57.

^{3/} U.S. Department of Commerce, Bureau of the Census. Sources and Structure of Family Income. PC(2)4C Table 4, pp. 98 and 99.

Low-income families in 1961

According to the 1961 Survey of Consumer Expenditures, 21 percent of the urban families, 34 percent of the rural nonfarm, and 40 percent of the farm families had income after tax of less than \$3,000 in 1961. For some of these families this was a temporary displacement from a higher income position. Income in a single year does not necessarily indicate the usual, especially among farm families, for whom a poor crop, an outbreak of disease among farm animals, or a period of unusually high farm expense may wipe out all or most of the cash income that year. For many, however, being on the low end of the income scale was not only usual, but could be anticipated for future years.

Characteristics of the families.--The families classified as low income in 1961, as a group, were smaller and had family heads who were older and less well educated than those with higher incomes. Relatively more of them were nonwhite. They were less likely to be owners of homes and automobiles.

Among urban families, the low-income group had an average income after tax of \$1,900. The average urban family was headed by a person 60 years old with an 8th grade education, was made up of 1.9 members, and had only .2 full-time earner. This means that only about 1 out of 5 of these families had even 1 person with a full-time year-round job--a reflection of the fact that many of them were made up of retired persons, and that others were unemployed or underemployed. About one-fifth of the low-income urban families had children under 18 years of age, and one-fourth were nonwhite.

Among rural nonfarm families with low incomes, the average after-tax income was about \$1,800. The average family had 2.6 members, and a head who was 60 years old with 7 years of schooling. As in the city, the average number of full-time earners was .2 per family. About 13 percent were nonwhite, and 29 percent had children under 18.

The low-income farm families had average money income of \$1,600 after taxes. They had, on the average, 3.1 members, a head 56 years of age with a 7th grade education, and 1 full-time earner. About two-fifths of them had children under 18 years of age. The percentage of nonwhite families was about the same in the farm as in the rural nonfarm group (14 as compared with 13 percent).

Spending of low-income families

Total spending for current consumption by low-income families averaged about \$2,100 in the urban, \$2,000 in rural nonfarm, and \$2,200 in the farm areas. In addition, outlays for personal insurance and for gifts and contributions averaged \$160, \$135, and \$195, respectively. Among each of these groups, total disbursements exceeded income. This is one indication that some families were used to having larger incomes. Previous studies have shown that a family is likely to continue spending for current living at about its usual rate, for a time at least, when income drops. To do so means using reserves accumulated in other years or going into debt, however, so it can't go on indefinitely. The fact that the average

Deficit (negative net change in assets and liabilities) was considerably larger for the farm families than for the others indicates that more of them were not in their usual income class in 1961. The deficit for the low-income farm families averaged about \$700, for the urban families \$285, and for the rural nonfarm families \$160.

Spending patterns.--From Engel's study of spending patterns in the mid-1800's he had observed that "the poorer the family, the greater the proportion of the total expenditures that must be devoted to the provision of food." This proved true in 1961 too. However, the percentages used for shelter and for clothing in 1961 did not remain the same, regardless of income, as they did in the 1800's. Instead, low-income families spent relatively more of their consumption dollar for shelter (including fuel, light, water, and refrigeration) and less for clothing than those with higher incomes.

From data provided by the 1961 expenditure study we can formulate "laws" for other categories of goods and services that are important in today's family budget. In general, as income increases--

- The percentage for transportation increases (and transportation means mainly automobiles);
- The percentage for furniture and equipment increases;
- The percentage for medical care decreases;
- The percentage for household operation stays about the same;
- The percentage for "other," including personal care, recreation, reading, education, tobacco, and miscellaneous, increases.

To sum up, low-income families, on the average and as compared with higher income families, spent in 1961 a larger percentage of their consumption dollar for food, shelter, and medical care, and a smaller percentage for clothing, furnishings and equipment, transportation, and for the catch-all "other" category. Of course the number of dollars spent for each category was smaller among low than higher income families. (See chart for dollar expenditures of farm families at selected income levels.)

Food and beverages, the largest single item for families at all income levels, took about 30 percent of the total consumption expenditure of the low-income urban and rural nonfarm families, and 28 percent of the expenditure of farm families. The low-income families spent a slightly smaller percentage for meals away from home than those in the higher income groups.

Shelter, including rent or ownership costs, fuel, light, water, and refrigeration, was almost as large an item as food for low-income city families, but less important for those on farms or in rural nonfarm homes. Shelter took about 27 percent of the living expenditure of urban families, but only 20 percent for rural nonfarm and 16 percent for farm families. Homeownership is low among families with low incomes. In urban areas, for example, only 37 percent in this group owned a home during the entire year, as compared with 74 percent of those with income of \$7,500 or more.

Clothing, the third basic essential, was a relatively larger item for farm than for other low-income families. It took almost 11 percent of the total consumption expenditure of farm families, as compared with only 7 percent for the two nonfarm groups. The relatively higher expenditure of farm families reflects, in part, the fact that they were larger, on the average. But it also reflects the tendency of families whose incomes are temporarily lower to maintain their usual level of living.

Both medical care and transportation were items of greater importance than clothing in the expenditures of low-income families as a whole. Medical care took about 9 percent of the amount spent by U.S. low-income families, with nearer 10 percent for the farm families. Transportation also took 9 percent of the living expenditures of U.S. low-income families, but varied from 7 percent in the urban to about 14 percent in the farm group. Low transportation expenses of the low-income urbanites were mainly a reflection of their low rate of automobile ownership. Only 27 percent of them were automobile owners, compared with 81 percent of the farm families.

Household operation and furniture and equipment took about 6 and 4 percent, respectively, of the total spent for living by low-income families. Household operation (including such things as telephone, laundry and cleaning supplies) was relatively highest for urban families (6 percent), lowest for farm (4 percent). Furniture and equipment expense was the other way around--highest for farm, lowest for urban families.

The remainder of the family living budget--that is, expenditures for sundries including recreation, reading and education, personal care, tobacco, and miscellaneous goods and services--amounted to 11 percent of the total for low-income urban and rural nonfarm families, and 12 percent for farm families.

Per person expenditures

The amount spent for current living by the low-income (under \$3,000 after tax) families provided an average of about \$1,100 per person in the urban families, \$750 in the rural nonfarm and \$700 in the farm families. For food, the largest single item, the average per person was about \$325 per year in urban, \$225 in the rural nonfarm and \$195 in the farm households. The corresponding expenditures per week would be \$6.25, \$4.35, and \$3.75 per person. About \$1.00 of the urban and 50 cents of the rural farm and nonfarm food expenditure went for meals away from home.

The average amount spent per person for food by urban families, when adjusted to a basis of all meals at home, would have been enough to provide for the amounts and types of food in the low-cost USDA food plan, at January 1961 prices. Amounts spent per person by the rural nonfarm and farm families were considerably lower than the estimated cost of the low-cost plan. They also fell short of the estimated cost of the emergency USDA food plan. However, this does not necessarily mean that the families were not getting a nutritionally adequate diet. For one thing, the food

expenditures given here do not include the value of home-produced foods used by the families. Survey data on the value of these foods are not available at this time, though they will be later. We can expect home-produced foods to have been a big help to farm families, especially.

In 1955, home-produced food was equivalent to about 40 percent of the money value of the farm family's food at retail prices. If this were true in 1961, total value of food per person per week in low-income farm families would be about the same as the estimated cost of food in the USDA low-cost plan. Since home food production has been falling off in recent years, however, it may not reach this level. It seems unlikely, also, that the rural nonfarm families used enough home-produced foods to stretch their cash expenditure to the level of the low-cost plan. They would have had to use home-produced foods valued at about 30 percent of the total food budget, which is probably considerably more than they actually used.

Average expenditures per person for clothing in 1961 were \$81 in the urban low-income families, \$53 in the rural nonfarm, and \$75 in the farm families. Though we have no criterion for judging the adequacy of these expenditures, we can assume that most families have to make, make over, and make do to get by on these amounts. In contrast, clothing expenditures of persons in high-income families (\$7,500 and over) averaged \$267 in urban, \$214 in rural nonfarm, and \$172 in farm areas.

Expenditures vs. value of consumption

Although a family's expenditures during a year tell much about the way the family lives, they are not a complete measure of the family's real level of living. To these expenditures may be added the value of the goods and services the family receives free, the products they raise or make for themselves, and the use value of housing, furniture, household equipment, automobiles, and clothing bought in earlier years and still in use. Expenditures plus these other values have been given the name "value of consumption."

In studies in three low-income rural areas in Kentucky and Texas, the Consumer and Food Economics Research Division found that families consumed goods and services ranging in value from about one-fourth to one-half more than they spent, on the average. ^{4/} In general, expenditures tended to understate the level of living more for low-income than for higher-income families, for small than for large, for older than for younger, and for farm more than for nonfarm families. If these things are true for other populations in the United States, it means that many lived somewhat better, at least, than their expenditures would indicate.

More information available

Much more can be learned about low-income families from the studies of consumer expenditures in 1961 than has been covered in this paper. You can get income and

^{4/} "Value of Consumption: An Improved Measure of the Level of Living," by Mary Jane Ellis. Family Economics Review, June 1961, p. 3, and unpublished data.

expenditure information for your own region similar to that I have given for the country as a whole. The studies do not provide data for individual States, however. When the material has been completely analyzed and published, details will be available about the incomes and expenditures of different types of families in the low-income group--for example, the small and the large, the young and the aged. Details will also be given about the many kinds of goods and services bought, and the values added by home-produced food and fuel. You will want to watch for these reports as they come from the Bureau of Labor Statistics and the Department of Agriculture.

Publications from the Survey of Consumer Expenditures, 1960-1961

The first series of Summaries of Expenditures, Income and Changes in Savings from the Survey of Consumer Expenditures is listed below. Each report, together with its supplement, contains 10 tables, each presenting data for the families classified by a single characteristic such as income, family size, age of family head, etc. The "All U.S." and "Rural Nonfarm" reports are joint reports obtainable from either the USDA or BLS; the "Rural Farm" reports may be ordered only from USDA; the "Urban" reports only from BLS.

USDA	
Consumer Expenditure	BLS
Survey Report No.:	Report No.:

All U.S., 1961

United States	15 & Supp. 1	237-93 & Supp. 1
Northeast	11 & Supp. 1	237-89 & Supp. 1
North Central	12 & Supp. 1	237-90 & Supp. 1
South	13 & Supp. 1	237-91 & Supp. 1
West	14 & Supp. 1	237-92 & Supp. 1

Rural Farm, 1961

United States	5
Northeast	1
North Central	2
South	3
West	4

Rural Nonfarm, 1961

United States	10 & Supp. 1	237-88 & Supp. 1
Northeast	6 & Supp. 1	237-84 & Supp. 1
North Central	7 & Supp. 1	237-85 & Supp. 1
South	8 & Supp. 1	237-86 & Supp. 1
West	9 & Supp. 1	237-87 & Supp. 1

Urban, 1960-61

United States	237-38 & Supp. 1
Northeast	237-34 & Supp. 1
North Central	237-35 & Supp. 1
South	237-36 & Supp. 1
West	237-37 & Supp. 1

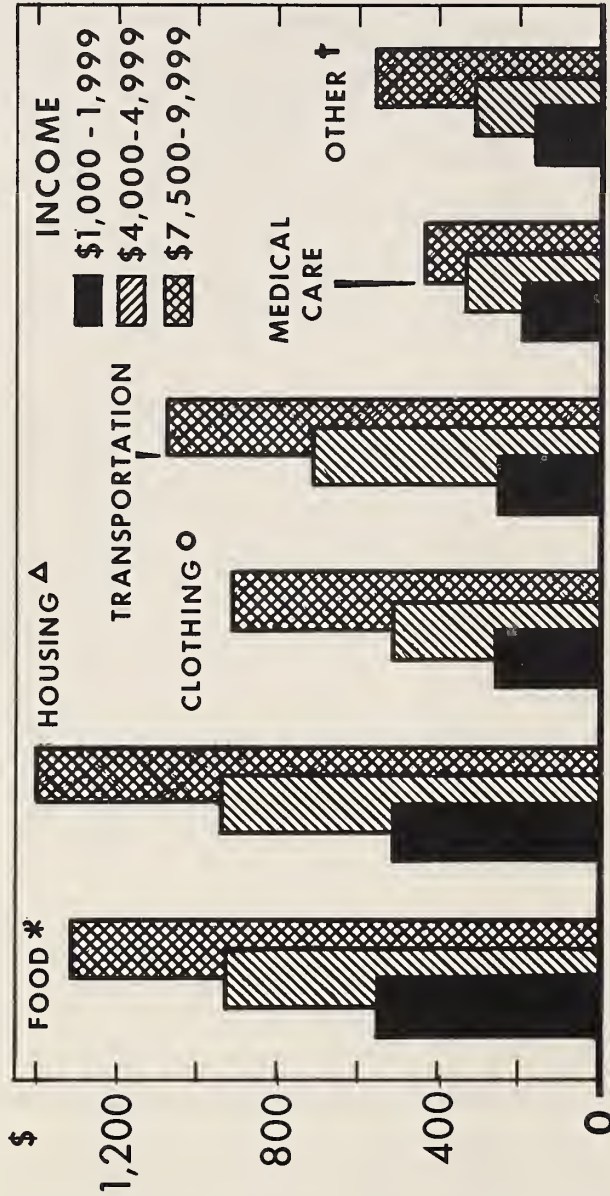
Average expenditures, income, and savings of families and single consumers
with incomes under \$3,000 (after tax), by urbanization, 1961

Item	Average expenditures				Percent of expenditures for current consumption			
	United States <u>1/</u>	Urban	Rural nonfarm	Farm	United States <u>1/</u>	Urban	Rural nonfarm	Farm
Expenditures for current consumption	\$2,093	\$2,131	\$1,968	\$2,207	100.0	100.0	100.0	100.0
Food and alcoholic beverages	624	637	597	617	29.8	29.9	30.3	28.0
Housing, total	699	776	580	573	--	--	--	--
Shelter, fuel, light, refrigeration, and water	495	569	384	357	23.7	26.7	19.5	16.2
Household operation ..	116	127	101	95	5.5	6.0	5.1	4.3
Housefurnishings and equipment	88	80	95	121	4.2	3.8	4.8	5.5
Clothing	158	154	139	234	7.5	7.2	7.1	10.6
Personal care	64	67	57	67	3.1	3.1	2.9	3.0
Medical care	186	186	176	214	8.9	8.7	8.9	9.7
Recreation	50	50	46	61	2.4	2.3	2.3	2.8
Reading and education ..	26	29	17	28	1.2	1.4	.9	1.3
Automobile purchase and operation	164	106	243	293	7.8	5.0	12.3	13.3
Other transportation ...	32	42	16	12	1.5	2.0	.8	.5
Other	90	84	97	108	4.3	3.9	4.9	4.9
Gifts and contributions ..	97	101	85	107	--	--	--	--
Personal insurance	60	60	50	86	--	--	--	--
Money income before taxes	1,868	1,937	1,792	1,661	--	--	--	--
Money income after taxes .	1,802	1,866	1,747	1,564	--	--	--	--
Other money receipts	70	59	80	113	--	--	--	--
Net change in assets and liabilities	-291	-285	-161	-694	--	--	--	--
Average size family	2.2	1.9	2.6	3.1	--	--	--	--
Average age of head	60	60	60	56	--	--	--	--
Percent nonwhite families	20	24	13	14	--	--	--	--
Percent homeowners	47	37	61	67	--	--	--	--
Percent auto owners	40	27	54	81	--	--	--	--

1/ Preliminary data.

FARM FAMILY EXPENDITURES

By Income, 1967



* INCLUDES BEVERAGES.

○ INCLUDES PERSONAL CARE.

USDA DATA.

Δ INCLUDES HOUSEHOLD OPERATION, FURNISHINGS AND EQUIPMENT.

† RECREATION, READING, EDUCATION, TOBACCO, MISCELLANEOUS.

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Agriculture Handbook No. 275

Handbook of AGRICULTURAL charts 1964

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September, 1964

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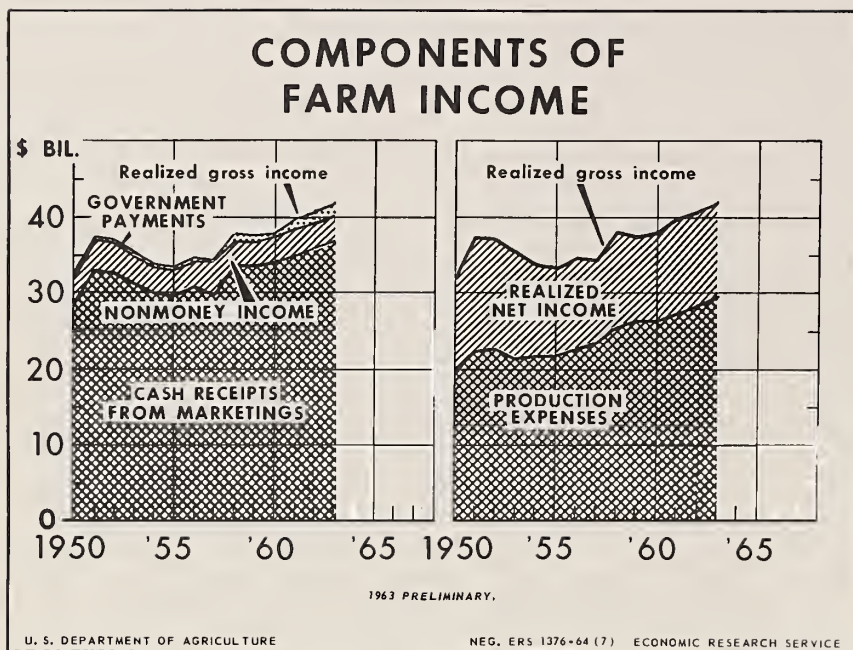


Figure 1

Components of farm income, 1950-63

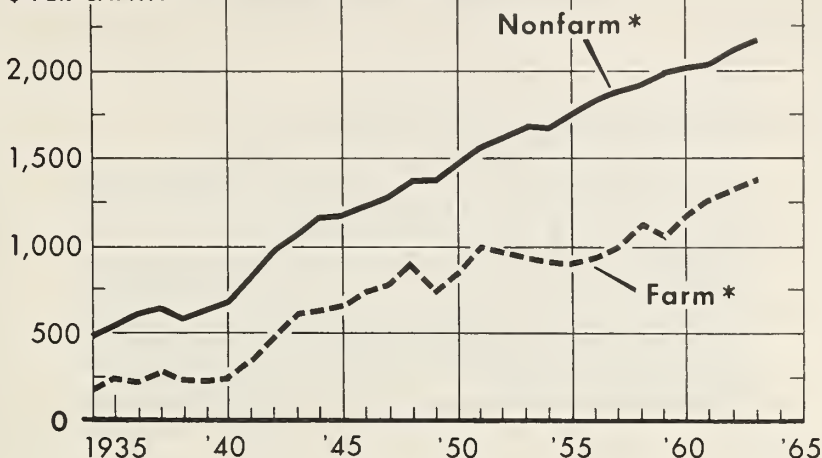
Year	Cash receipts: from marketings	Government payments	Realized nonmoney income	Realized gross farm income	Production expenses	Realized net income
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1950	28,512	293	3,687	32,482	19,297	13,185
1951	32,958	286	4,079	37,323	22,165	15,158
1952	32,632	274	4,110	37,016	22,600	14,416
1953	31,126	213	3,926	35,265	21,366	13,899
1954	29,953	257	3,655	33,865	21,664	12,201
1955	29,556	229	3,547	33,332	21,862	11,470
1956	30,564	553	3,509	34,626	22,594	12,032
1957	29,824	1,016	3,549	34,389	23,371	11,018
1958	33,405	1,089	3,413	37,907	25,272	12,635
1959	33,512	682	3,285	37,479	26,200	11,279
1960	34,012	693	3,229	37,934	26,242	11,692
1961	34,923	1,484	3,179	39,586	27,013	12,573
1962	36,077	1,736	3,138	40,951	28,340	12,611
1963 1/	36,925	1,686	3,126	41,737	29,219	12,518

1/ Preliminary.

Data from Farm Income Situation, July 1964

DISPOSABLE PERSONAL INCOME

\$ PER CAPITA



* FROM ALL SOURCES.

U. S. DEPARTMENT OF AGRICULTURE

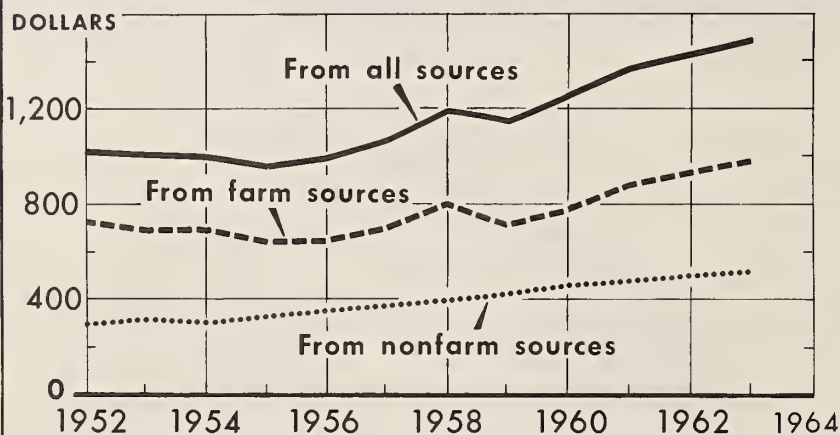
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Figure 2

Per capita disposable personal income of farm and nonfarm population, 1934-63

Year	Per capita disposable personal income from all sources				Year	Per capita disposable personal income from all sources			
	Farm population	Nonfarm population	Total population	Percentage of nonfarm		Farm population	Nonfarm population	Total population	Percentage of nonfarm
	Dollars	Dollars	Dollars	Percent		Dollars	Dollars	Dollars	Percent
1934	163	496	411	32.9	1950	841	1,464	1,369	57.4
					1951	996	1,553	1,474	64.1
1935	237	533	458	44.5	1952	961	1,610	1,520	59.7
1936	224	614	517	36.5	1953	930	1,674	1,582	55.6
1937	283	637	551	44.4	1954	915	1,670	1,582	54.8
1938	228	593	506	38.4					
1939	236	632	538	37.3	1955	893	1,761	1,661	50.7
					1956	925	1,844	1,742	50.2
1940	246	675	576	36.4	1957	992	1,897	1,804	52.3
1941	330	804	697	41.0	1958	1,119	1,904	1,827	58.8
1942	477	979	871	48.7	1959	1,055	1,992	1,904	53.0
1943	604	1,065	977	56.7					
1944	625	1,156	1,060	54.1	1960	1,165	2,008	1,935	58.0
					1961	1,264	2,046	1,983	61.8
1945	650	1,164	1,075	55.8	1962	1,319	2,121	2,059	62.2
1946	743	1,222	1,136	60.8	1963	1,376	2,181	2,124	63.1
1947	770	1,270	1,180	60.6	Farm Income Situation, July 1964.				
1948	900	1,369	1,291	65.7					
1949	740	1,374	1,271	53.9					

PER CAPITA PERSONAL INCOME OF THE FARM POPULATION



1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1238X-64 (7) ECONOMIC RESEARCH SERVICE

Figure 3

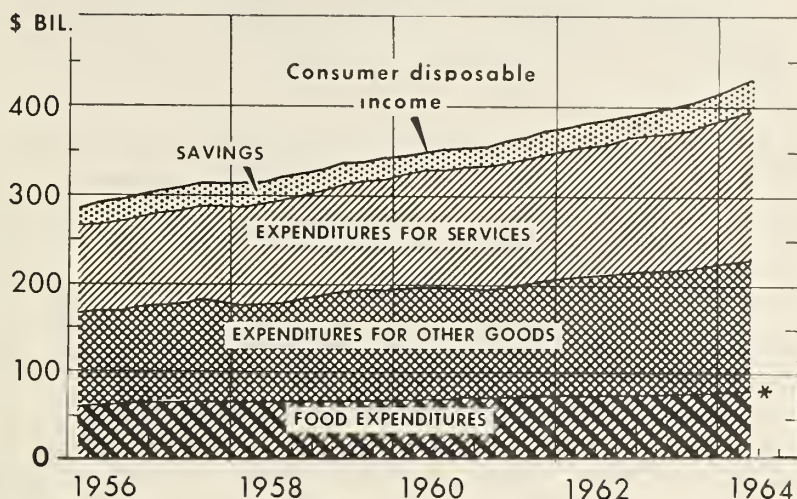
Per capita personal income of farm population, 1950-63

Year	From farm sources	From nonfarm sources	From all sources
	Dollars	Dollars	Dollars
1950	622	262	884
1951	754	289	1,043
1952	723	301	1,024
1953	693	315	1,008
1954	691	308	999
1955	638	322	960
1956	642	351	993
1957	690	376	1,066
1958	805	392	1,197
1959	713	431	1,144
1960	790	464	1,254
1961	886	476	1,362
1962	931	495	1,426
1963 1/	976	512	1,488

1/ Preliminary.

Data from Farm Income Situation, July 1964.

INCOME AND EXPENDITURES



SOURCE: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.
* ESTIMATES FOR FIRST HALF 1964 BY ERS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2119-64 (8) ECONOMIC RESEARCH SERVICE

Figure 4

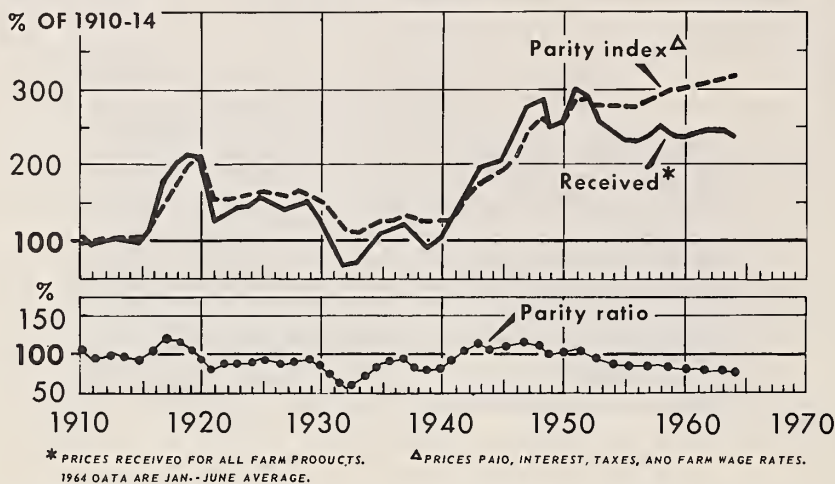
Consumer income, expenditures, and savings,
1956 to date
(seasonally adjusted annual rates)

Period	Consumer disposable income	Expenditures			Savings
		Food 1/	Other goods	Services	
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
1956	292.9	62.2	107.7	100.0	23.0
1957	308.8	65.2	112.9	107.1	23.6
1958	317.9	67.4	111.5	114.3	24.7
1959	337.1	68.1	122.6	122.8	23.6
1960	349.9	69.7	127.1	131.5	21.7
1961	364.7	71.0	128.1	138.3	27.3
1962	384.6	73.9	136.5	146.4	27.8
1963	402.5	76.0	143.6	155.3	27.5
1960: I	344.3	68.9	126.5	128.7	20.1
II	350.3	70.2	128.5	131.0	20.6
III	352.2	69.4	127.2	132.2	23.4
IV	353.4	70.1	126.1	134.2	23.0
1961: I	355.6	70.4	124.7	135.4	25.1
II	361.4	70.7	126.7	137.3	26.7
III	367.3	71.2	128.8	139.1	28.2
IV	374.2	71.8	132.0	141.4	29.1
1962: I	378.5	72.7	134.2	143.6	28.0
II	383.4	73.5	135.2	145.3	29.4
III	386.0	74.5	136.8	147.2	27.5
IV	390.4	74.9	139.7	149.5	26.4
1963: I	395.1	75.5	141.6	152.1	25.9
II	399.1	75.9	142.2	153.9	27.1
III	404.4	76.2	144.6	156.6	27.0
IV	411.2	76.6	145.9	158.8	29.9
1964: I	419.5	2/78.3	150.5	161.1	29.5
II	431.4	2/78.9	153.4	163.7	35.4

1/ Excludes alcoholic beverages. 2/ Estimated by ERS.

U. S. Department of Commerce and Council of Economic Advisers.

PRICES RECEIVED BY FARMERS, PARITY INDEX, AND PARITY RATIO



U. S. DEPARTMENT OF AGRICULTURE

NEG. SRS 59-64 (7) STATISTICAL REPORTING SERVICE

Figure 5

Index numbers of prices received by farmers, parity index,
and parity ratio, United States, 1910-64

1910-14=100				
Year	Index of prices received	Parity index	Parity ratio	
1910	104	97	107	
1911	94	98	96	
1912	99	101	98	
1913	102	101	101	
1914	101	103	98	
1915	99	105	94	
1916	119	116	103	
1917	178	148	120	
1918	206	173	119	
1919	217	197	110	
1920	211	214	99	
1921	124	155	80	
1922	131	151	87	
1923	142	159	89	
1924	143	160	89	

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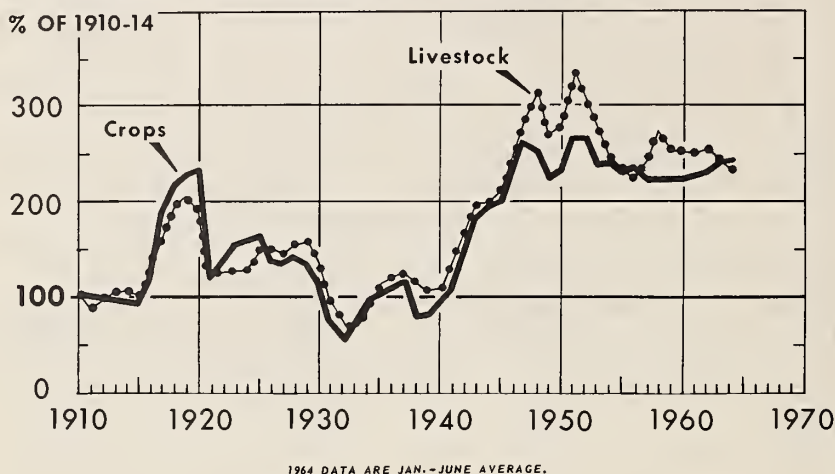
Index numbers of prices received by farmers, parity index,
and parity ratio, United States, 1910-64

1910-14=100			
Year	Index of prices received	Parity index	Parity ratio 1/
1925	156	164	95
1926	145	160	91
1927	140	159	88
1928	148	162	91
1929	148	160	92
1930	125	151	83
1931	87	130	67
1932	65	112	58
1933	70	109	64 (66)
1934	90	120	75 (80)
1935	109	124	88 (95)
1936	114	124	92 (95)
1937	122	131	93 (97)
1938	97	124	78 (83)
1939	95	123	77 (85)
1940	100	124	81 (88)
1941	124	133	93 (98)
1942	159	152	105 (109)
1943	193	171	113 (116)
1944	197	182	108 (110)
1945	207	190	109 (111)
1946	236	208	113 (115)
1947	276	240	115 (116)
1948	287	260	110 (111)
1949	250	251	100 (100)
1950	258	256	101 (102)
1951	302	282	107 (108)
1952	288	287	100 (101)
1953	255	277	92 (93)
1954	246	278	89 (89)
1955	232	276	84 (85)
1956	230	278	83 (84)
1957	235	287	82 (85)
1958	250	294	85 (88)
1959	240	298	81 (82)
1960	238	300	80 (81)
1961	240	302	79 (83)
1962	244	307	79 (83)
1963	242	312	78 (81)
1964 2/	238	313	76

1/ The Parity Ratio is computed as in the past. The Adjusted Parity Ratio (shown in brackets in table) reflects Government payments and is computed from 1933 through 1963. See the January issue of Agricultural Prices, pp. 45-49, for a description of the Adjusted Parity Ratio.

2/ January-June Average.

PRICES RECEIVED FOR ALL CROPS AND LIVESTOCK AND PRODUCTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. SRS 56-64 (7) STATISTICAL REPORTING SERVICE

Figure 6

Index numbers of prices received by farmers for all crops
and livestock and livestock products, United States,
annual average, 1910-64

1910-14=100

Year	All crops	Livestock and livestock products
1910	105	102
1911	101	88
1912	100	98
1913	98	105
1914	96	107
1915	96	102
1916	120	117
1917	191	165
1918	220	194
1919	230	206
1920	235	190
1921	121	127
1922	136	126
1923	156	128
1924	159	128

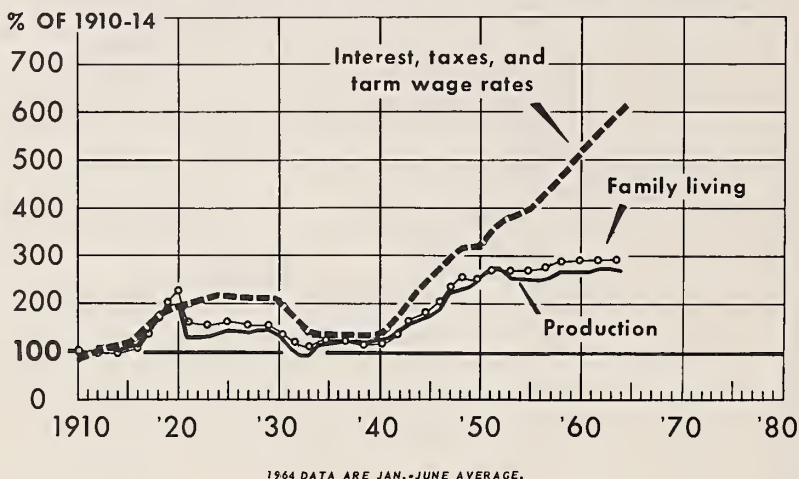
Continued-

Index numbers of prices received by farmers for all crops
and livestock and livestock products, United States,
annual average, 1910-64

1910-14=100		
Year	All crops	Livestock and livestock products
1925	164	149
1926	139	151
1927	134	146
1928	142	155
1929	135	159
1930	115	134
1931	75	98
1932	57	72
1933	71	70
1934	98	81
1935	103	114
1936	108	119
1937	118	126
1938	80	112
1939	82	107
1940	90	109
1941	108	138
1942	145	171
1943	187	198
1944	199	196
1945	202	211
1946	228	242
1947	263	288
1948	255	315
1949	224	272
1950	233	280
1951	265	336
1952	267	306
1953	240	268
1954	242	249
1955	231	234
1956	235	226
1957	225	244
1958	223	273
1959	221	256
1960	222	253
1961	227	251
1962	231	255
1963	237	245
1964 ^{1/}	243	232

^{1/} January-June average.

MAJOR COMPONENTS OF THE PARITY INDEX



U. S. DEPARTMENT OF AGRICULTURE

NEG. SRS 62-64 (7) STATISTICAL REPORTING SERVICE

Figure 7

Major components of the parity index: Index number of prices paid by farmers for family living; production; and interest, taxes, and farm wage rates; United States 1910-64

(1910-14=100)			
Year	Family living	Production	Interest, taxes, and farm wage rates
1910	99	97	91
1911	99	98	94
1912	100	102	100
1913	100	101	105
1914	102	102	109
1915	104	104	111
1916	115	115	122
1917	143	156	141
1918	170	180	167
1919	202	195	190
1920	228	195	226
1921	164	128	199
1922	153	127	205
1923	156	138	214
1924	156	140	218

Continued-

Major components of the parity index: Index number of prices
paid by farmers for family living; production; and
interest, taxes, and farm wage rates;
United States 1910-64-Continued

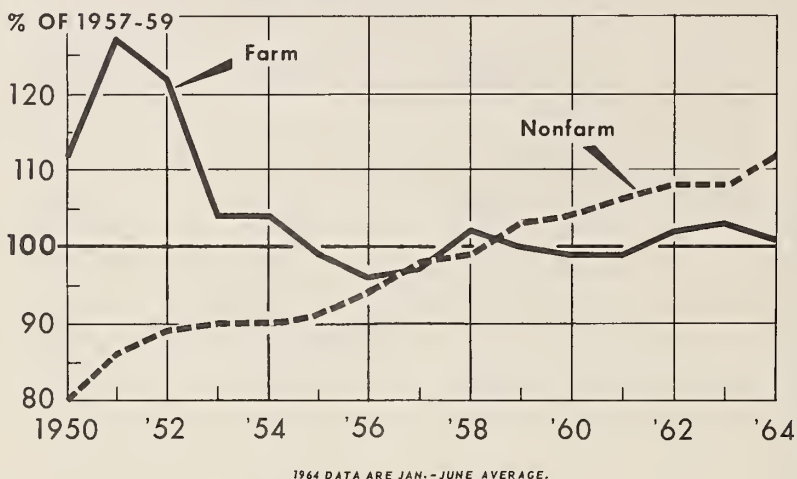
(1910-14=100)

Year	Family living	Production	Interest taxes and farm wage rates
1925	161	145	214
1926	158	141	214
1927	155	141	213
1928	156	148	212
1929	154	146	214
1930	144	135	207
1931	124	113	182
1932	106	99	157
1933	108	99	135
1934	122	114	130
1935	124	122	129
1936	124	122	132
1937	128	132	137
1938	122	122	137
1939	120	121	133
1940	121	123	134
1941	130	130	145
1942	149	148	170
1943	166	164	203
1944	175	173	232
1945	182	176	255
1946	202	191	275
1947	237	224	297
1948	251	250	318
1949	243	238	317
1950	246	246	319
1951	268	273	350
1952	271	274	373
1953	269	256	385
1954	270	255	389
1955	270	251	399
1956	274	250	419
1957	282	257	443
1958	287	264	463
1959	288	266	496
1960	290	265	520
1961	291	266	542
1962	295	270	566
1963	298	273	591
1964 ^{1/}	299	271	614

^{1/} January-June average.

PRICES PAID FOR PRODUCTION ITEMS

Farm and Nonfarm Origin



U. S. DEPARTMENT OF AGRICULTURE

NEG. SRS 65-64 (7) STATISTICAL REPORTING SERVICE

Figure 8

Prices paid by farmers: Production items with farm and nonfarm origin, 1950-64

(1957-59=100)

Year	Items with farm origin ^{1/}	Items with nonfarm origin ^{2/}
1950	112	80
1951	127	86
1952	122	89
1953	104	90
1954	104	90
1955	99	91
1956	96	94
1957	97	98
1958	102	99
1959	101	103
1960	99	105
1961	99	106
1962	101	108
1963	103	110
1964 ^{3/}	101	112

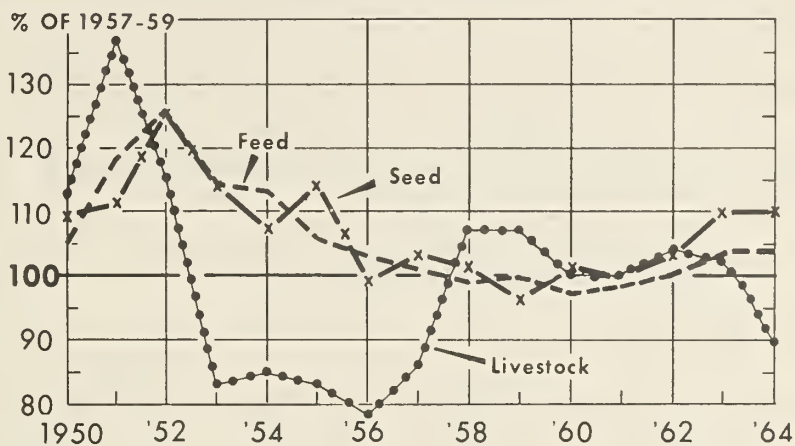
^{1/} Feed, feeder livestock, seed.

^{2/} Motor supplies, motor vehicles, farm machinery, farm supplies, building and fencing materials, fertilizer, interest, taxes and wage rates.

^{3/} January-June average.

PRICES PAID FOR PRODUCTION ITEMS

Farm Origin



U. S. DEPARTMENT OF AGRICULTURE

NEG. SRS 64-64 (7) STATISTICAL REPORTING SERVICE

Figure 9

Prices paid by farmers: Production items (farm origin) ^{1/}
annual averages, United States, 1950-64

(1957-59=100)

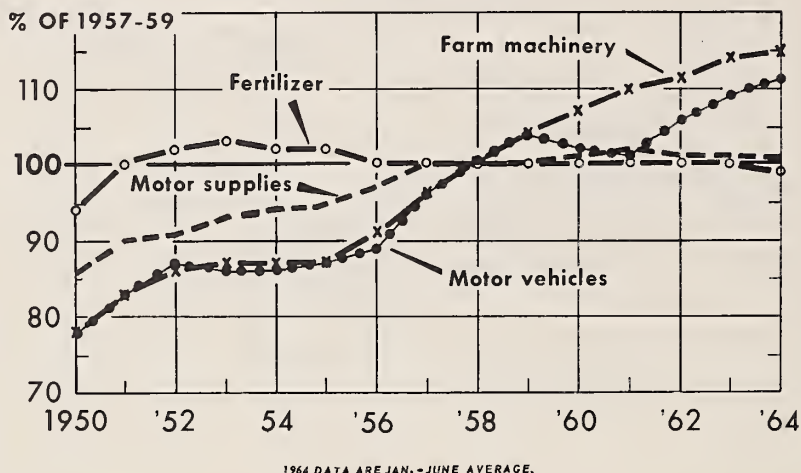
Year	Feed	Livestock	Seed
1950	105	113	109
1951	118	138	111
1952	126	115	125
1953	114	83	114
1954	113	85	107
1955	106	83	112
1956	103	78	99
1957	101	86	103
1958	99	107	101
1959	100	107	96
1960	98	100	100
1961	98	100	100
1962	100	104	103
1963	104	98	110
1964 ^{2/}	104	90	110

^{1/} Feed, livestock, and seed.

^{2/} January-June average.

PRICES PAID FOR PRODUCTION ITEMS

Nonfarm Origin



U. S. DEPARTMENT OF AGRICULTURE

NEG. SRS 63-64 (7) STATISTICAL REPORTING SERVICE

Figure 10

Prices paid by farmers: Production items (nonfarm origin) ^{1/}
annual averages, United States, 1950-64

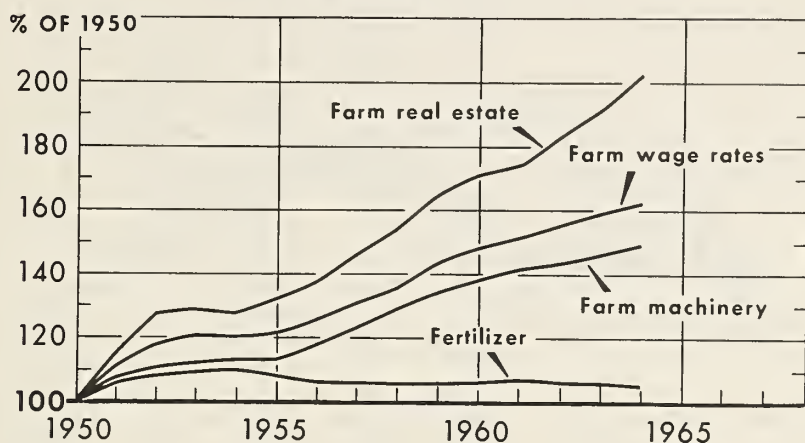
(1957-59=100)

Year	Motor supplies	Motor vehicles	Farm machinery	Fertilizer
1950	86	78	77	94
1951	90	83	83	100
1952	91	87	87	102
1953	92	86	87	103
1954	94	86	87	103
1955	95	87	87	101
1956	97	89	92	100
1957	100	96	96	100
1958	100	100	100	100
1959	100	104	104	100
1960	101	102	107	100
1961	102	102	110	100
1962	101	105	111	100
1963	101	109	113	100
1964 ^{2/}	101	111	115	99

^{1/} Motor supplies, motor vehicles, farm machinery, equipment and supplies, building and fencing materials, fertilizer.

^{2/} January-June average.

PRICES OF SELECTED FARM INPUTS



1964 DATA PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1375X-64 (7)

ECONOMIC RESEARCH SERVICE

Figure 11

Prices of selected farm inputs, 1950-64

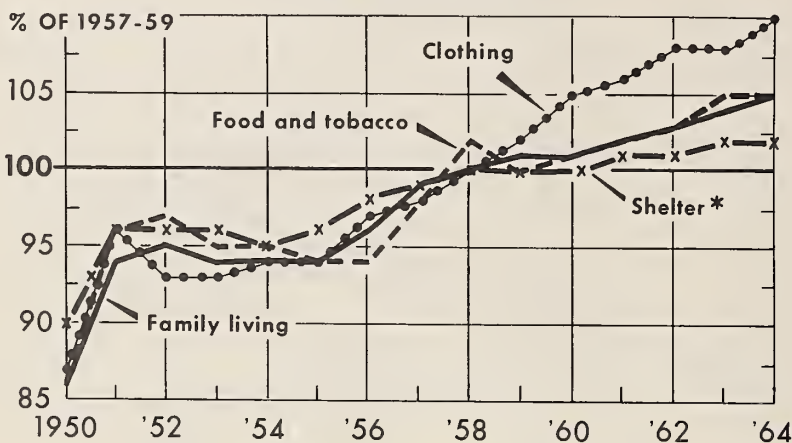
(Index: 1950=100)

Year	Machinery	Farm-wage rates	Farm real estate	Fertilizer
1950	100	100	100	100
1951	108	111	115	106
1952	111	118	127	108
1953	112	121	129	109
1954	113	120	127	110
1955	113	121	132	108
1956	118	126	137	106
1957	123	131	146	106
1958	129	135	153	106
1959	134	144	165	106
1960	138	148	171	106
1961	141	151	174	107
1962	143	155	183	106
1963	146	159	191	106
1964 1/	149	162	202	105

1/ Preliminary.

FARM CONSUMER PRICES

Family Living



* BUILDING MATERIALS, HOUSEHOLD FURNISHINGS, AND HOUSEHOLD OPERATIONS.
1964 DATA ARE JAN.-JUNE AVERAGE.

U. S. DEPARTMENT OF AGRICULTURE

NEG. SRS 66-64 (7) STATISTICAL REPORTING SERVICE

Figure 12

Food, clothing, and shelter prices paid by farmers for
commodities used in family living, total
and by groups, United States, 1950-64

(1957-59=100)				
Year	All family living	Food and tobacco	Clothing	Shelter ^{1/}
1950	86	86	87	90
1951	94	96	96	96
1952	95	97	94	96
1953	94	95	93	96
1954	95	95	94	95
1955	95	93	94	96
1956	96	94	97	98
1957	99	98	98	99
1958	100	102	100	100
1959	101	100	102	101
1960	102	101	105	100
1961	102	102	106	101
1962	103	103	108	101
1963	104	105	109	102
1964 ^{2/}	105	105	110	102

^{1/} Prices paid for building materials, household furnishings, and household operation.

^{2/} January-June average.

CONSUMER PRICES

Urban Wage Earners and Clerical Workers

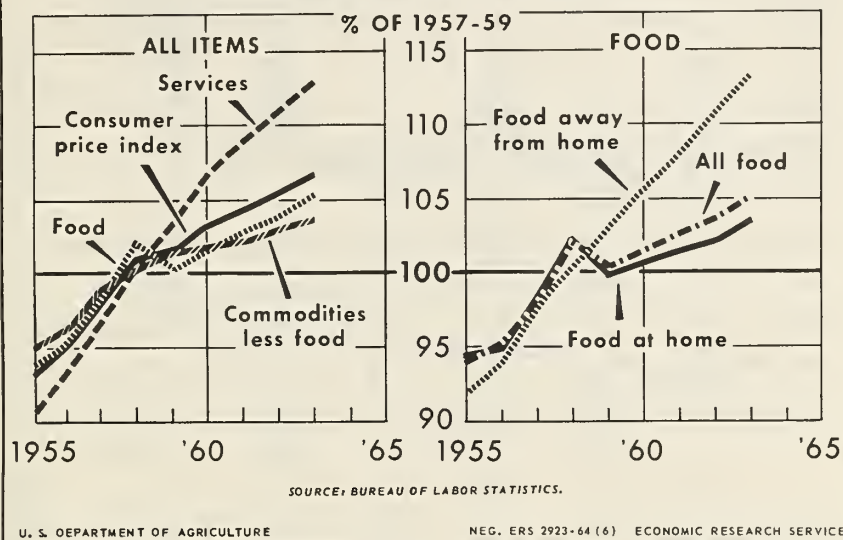


Figure 13

Consumer prices, 1955-63

(1957-59=100)

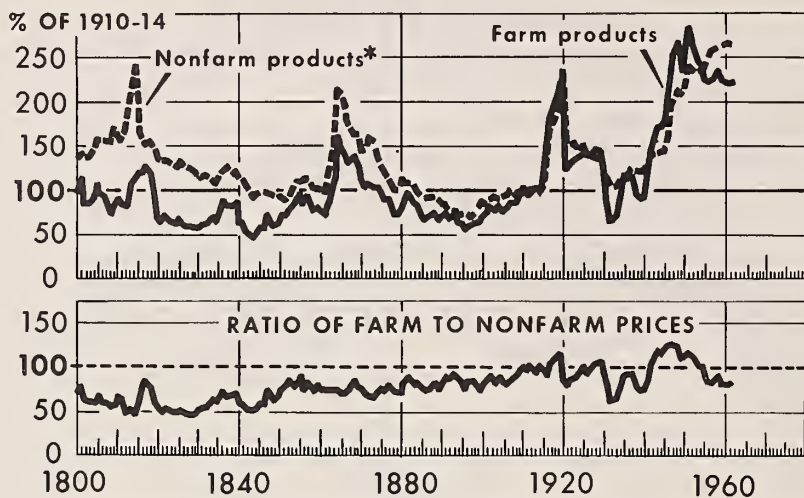
Year	Consumer price index	Services 1/	Commodities			
			Other than food 2/	Food		
				All food	Food at home	Food away from home
1955	93.3	90.5	94.9	94.0	94.4	91.8
1956	94.7	92.8	95.9	94.7	94.8	93.6
1957	98.0	96.6	98.8	97.8	97.9	97.1
1958	100.7	100.3	99.9	101.9	102.2	100.0
1959	101.5	103.2	101.2	100.3	99.7	102.8
1960	103.1	106.6	101.7	101.4	100.6	105.5
1961	104.2	108.8	102.0	102.6	101.5	107.8
1962	105.4	110.9	102.8	103.6	102.2	110.7
1963	106.7	113.0	103.5	105.1	103.5	113.2

1/ Excluding home ownership.

2/ Including home ownership.

Data from Bureau of Labor Statistics.

WHOLESALE PRICES



* ALL COMMODITIES OTHER THAN FARM PRODUCTS AND FOOD.

ANNUAL DATA.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2116-63 (7) ECONOMIC RESEARCH SERVICE

Figure 14

Wholesale prices: Farm and nonfarm products, 1800 to date

(Index: 1910-14=100)

Year	Nonfarm products 1/	Farm products	Ratio farm to nonfarm	Year	Nonfarm products 1/	Farm products	Ratio farm to nonfarm
1800	137	99	72	1825	133	67	50
1801	144	113	78	1826	128	62	48
1802	136	84	62	1827	127	59	46
1803	138	83	60	1828	125	58	46
1804	148	89	60	1829	121	59	49
1805	157	106	68				
1806	157	95	60	1830	114	58	51
1807	155	92	59	1831	116	61	53
1808	154	71	46	1832	116	63	54
1809	171	83	48	1833	111	69	62
				1834	107	64	60
1810	161	90	56	1835	114	75	66
1811	154	82	53	1836	123	89	72
1812	166	81	49	1837	127	84	66
1813	204	104	51	1838	119	82	69
1814	241	112	46	1839	122	86	70
1815	203	117	58				
1816	163	119	73	1840	112	65	58
1817	150	126	84	1841	113	64	57
1818	155	117	76	1842	103	53	52
1819	146	87	60	1843	92	48	52
				1844	97	52	54
1820	134	68	51	1845	99	58	59
1821	132	64	48	1846	99	58	59
1822	132	70	53	1847	98	72	74
1823	130	64	49	1848	94	59	63
1824	126	61	48	1849	92	62	67

Continued-

Wholesale prices: Farm and nonfarm products, 1800 to date -Continued

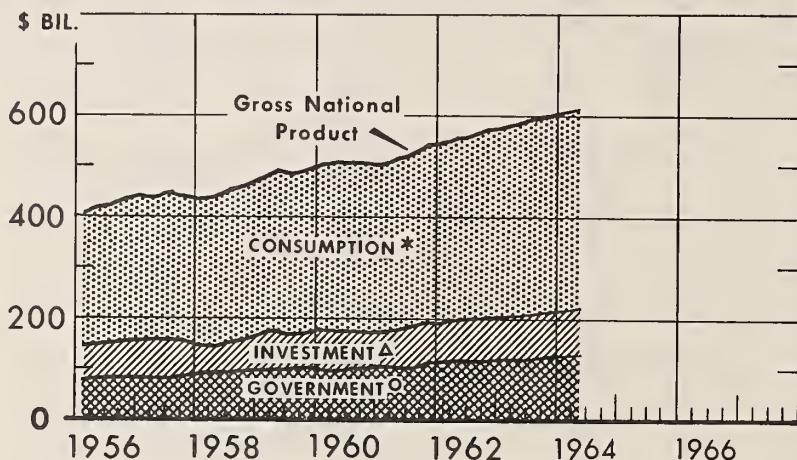
(Index: 1910-14=100)

Year	Nonfarm products 1/	Farm products	Ratio farm to nonfarm	Year	Nonfarm products 1/	Farm products	Ratio farm to nonfarm
1850	95	71	75	1908	95	87	92
1851	90	71	79	1909	100	98	98
1852	91	77	85				
1853	105	83	79	1910	103.8	104.2	100.4
1854	112	93	83	1911	94.8	93.7	98.8
1855	108	98	91	1912	99.3	101.8	102.5
1856	112	84	75	1913	103.7	100.3	96.7
1857	114	95	83	1914	98.4	99.9	101.5
1858	101	76	75	1915	100.7	100.3	99.6
1859	101	82	81	1916	130.8	118.4	90.5
				1917	169.2	180.9	106.9
1860	101	77	76	1918	184.6	207.6	112.5
1861	98	75	76	1919	190.8	221.0	115.8
1862	113	86	76				
1863	150	113	75	1920	239.0	211.4	88.5
1864	214	162	76	1921	155.4	124.0	79.8
1865	210	148	70	1922	151.7	131.6	86.8
1866	197	140	71	1923	154.5	138.3	89.5
1867	176	133	76	1924	147.7	140.3	95.0
1868	163	138	85	1925	152.0	154.0	101.3
1869	163	128	78	1926	148.1	140.3	94.7
				1927	139.3	139.4	100.1
1870	146	112	77	1928	137.6	148.5	107.9
1871	146	102	70	1929	135.7	147.1	108.4
1872	160	108	68				
1873	156	103	66	1930	126.2	123.8	98.1
1874	139	102	73	1931	111.1	90.9	81.8
1875	127	99	78	1932	104.0	67.6	65.0
1876	120	89	74	1933	105.5	72.1	68.3
1877	111	89	80	1934	116.1	91.6	78.9
1878	100	72	72	1935	115.4	110.5	95.8
1879	100	72	72	1936	117.9	113.5	96.3
				1937	126.4	121.2	95.9
1880	113	80	71	1938	121.0	96.1	79.4
1881	109	89	82	1939	120.4	91.6	76.1
1882	110	99	90				
1883	107	87	81	1940	123.0	95.0	77.2
1884	99	82	83	1941	131.9	115.6	87.6
1885	92	72	78	1942	141.5	148.5	104.9
1886	91	68	75	1943	143.6	171.9	119.7
1887	92	71	77	1944	145.8	173.2	118.8
1888	92	75	82	1945	147.7	179.9	121.8
1889	89	67	75	1946	162.2	208.8	128.7
				1947	197.5	251.3	127.2
1890	86	71	83	1948	214.2	269.6	125.9
1891	84	76	90	1949	209.9	233.2	111.1
1892	78	69	88				
1893	78	72	92	1950	217.6	245.0	112.6
1894	71	63	89	1951	240.1	285.0	118.7
1895	74	62	84	1952	234.5	268.9	114.7
1896	74	56	76	1953	236.1	243.8	103.3
1897	70	60	86	1954	237.2	240.2	101.3
1898	74	63	85	1955	242.4	225.2	92.9
1899	85	64	75	1956	253.2	222.1	87.7
				1957	260.3	228.4	87.7
1900	89	71	80	1958	261.0	238.4	91.3
1901	86	74	86	1959	265.7	223.8	84.2
1902	90	82	91				
1903	94	78	83	1960	265.8	223.2	84.0
1904	91	82	90	1961	264.6	221.0	83.5
1905	94	79	84	1962	264.4	224.9	85.1
1906	98	80	82	1963	264.1	220.4	83.5
1907	102	87	85				

1/ All commodities other than farm products and food.

Bureau of Labor Statistics.

MAJOR SOURCES OF DEMAND



* PERSONAL CONSUMPTION EXPENDITURES.

Δ GROSS PRIVATE DOMESTIC INVESTMENT PLUS NET EXPORTS.

○ FEDERAL, STATE, AND LOCAL GOVERNMENT PURCHASES OF GOODS AND SERVICES.

QUARTERLY FIGURES SEASONALLY ADJUSTED AT ANNUAL RATES, CURRENT DOLLARS.

U. S. DEPT. OF COMMERCE.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1492x-64 (8) ECONOMIC RESEARCH SERVICE

Figure 15

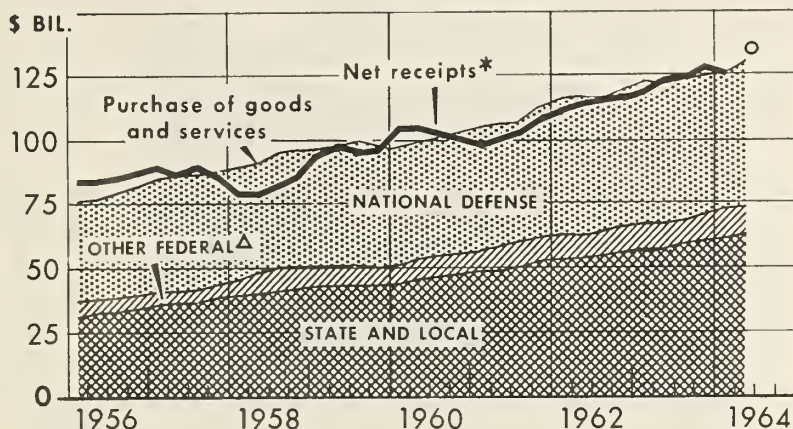
Major sources of demand, 1956 to date (quarterly data
seasonally adjusted annual rates)

Period	Gross national product			
	Total	Personal consumption expenditures	Investment ^{1/}	Government purchases
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
1956	419.2	269.9	70.3	79.0
1957	442.8	285.2	71.0	86.5
1958	444.5	293.2	57.8	93.5
1959	482.7	313.5	71.9	97.2
1960	502.6	328.2	74.8	99.6
1961	518.7	337.3	73.4	108.0
1962	556.2	356.8	83.1	116.3
1963	583.9	375.0	86.4	122.6
1962: I	545.5	350.5	80.8	114.3
II	553.4	354.0	83.2	116.1
III	559.0	358.5	84.6	115.9
IV	566.6	364.0	83.8	118.7
1963: I	571.8	369.2	81.3	121.4
II	577.4	372.0	84.5	120.9
III	587.2	377.4	87.0	122.8
IV	599.0	381.3	92.9	124.8
1964: I	608.8	390.0	93.6	125.2
II	618.5	396.0	93.0	129.5

^{1/} Gross private domestic investment and net exports.

U. S. Department of Commerce.

GOVERNMENT PURCHASES AND NET RECEIPTS



SOURCE: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

* DEFICITS OCCURRED IN YEARS WHEN NET RECEIPTS WERE LESS THAN PURCHASES.

△ TOTAL FEDERAL PURCHASES MINUS NATIONAL DEFENSE.

○ SECOND QUARTER 1964 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

HEG. ERS 2118-64 (8) ECONOMIC RESEARCH SERVICE

Figure 16

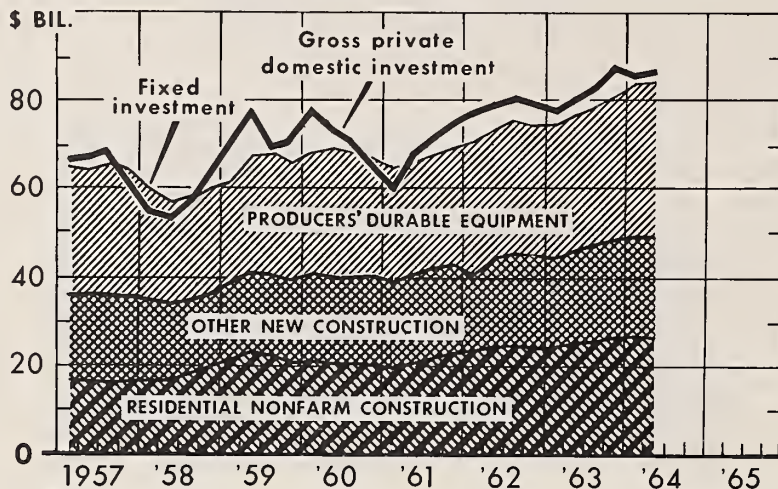
Government purchases and net receipts, 1956 to date
(quarterly data seasonally adjusted annual rates)

Period	Government purchases of goods and services					Net receipts of : Government : income and product account	Surplus (+) or deficit (-) on
	State and : local	National: defense	Other	Total	1/ Total	2/ Total	
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
1956	33.2	40.4	5.7	45.7	79.0	84.2	5.2
1957	36.8	44.4	5.7	49.7	86.5	87.5	1.0
1958	40.8	44.8	8.3	52.6	93.5	82.0	-11.4
1959	43.6	46.2	7.9	53.6	97.2	95.7	-1.5
1960	46.5	45.7	8.0	53.1	99.6	103.5	3.9
1961	50.6	49.0	8.9	57.4	108.0	103.8	-4.2
1962	53.5	53.6	10.2	62.9	116.3	114.4	-1.9
1963	57.9	55.2	10.3	64.7	122.6	123.4	.9
1960: I	44.7	45.4	7.6	52.4	97.2	105.8	8.7
II	46.0	45.6	7.9	52.9	98.9	105.2	6.2
III	47.0	45.9	8.3	53.5	100.5	102.5	1.8
IV	48.0	45.9	8.4	53.7	101.6	100.1	-1.4
1961: I	49.1	47.5	8.5	55.4	104.5	98.5	-6.0
II	49.7	49.0	8.7	57.1	106.8	102.4	-4.4
III	50.9	48.6	9.1	57.1	107.9	104.6	-3.2
IV	52.8	50.9	9.5	59.8	112.6	109.6	-2.9
1962: I	52.8	52.5	9.6	61.4	114.3	111.1	-3.1
II	52.5	55.3	9.4	63.6	116.1	114.3	-1.8
III	53.5	53.0	10.2	62.4	115.9	115.4	-.4
IV	54.8	53.5	11.4	63.8	118.7	116.4	-2.2
1963: I	56.3	54.8	11.3	65.1	121.4	118.6	-2.8
II	56.7	55.2	9.9	64.3	120.9	122.7	1.6
III	58.4	55.5	9.5	64.4	122.8	124.4	1.7
IV	59.9	55.3	10.5	64.9	124.8	128.2	3.3
1964: I	60.9	54.0	11.5	64.3	125.2	125.2	.0
II	62.5	57.0	10.8	67.0	129.5	---	---

1/ Less Government sales. 2/ Government receipts are net of transfers, interest, subsidies, and grants-in-aid.

U. S. Department of Commerce.

PRIVATE DOMESTIC INVESTMENT



QUARTERLY DATA AT SEASONALLY ADJUSTED ANNUAL RATES. THE DIFFERENCE BETWEEN GROSS PRIVATE DOMESTIC INVESTMENT AND FIXED INVESTMENT EQUALS (POSITIVE OR NEGATIVE) CHANGE IN BUSINESS INVENTORIES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2120-64 (8) ECONOMIC RESEARCH SERVICE

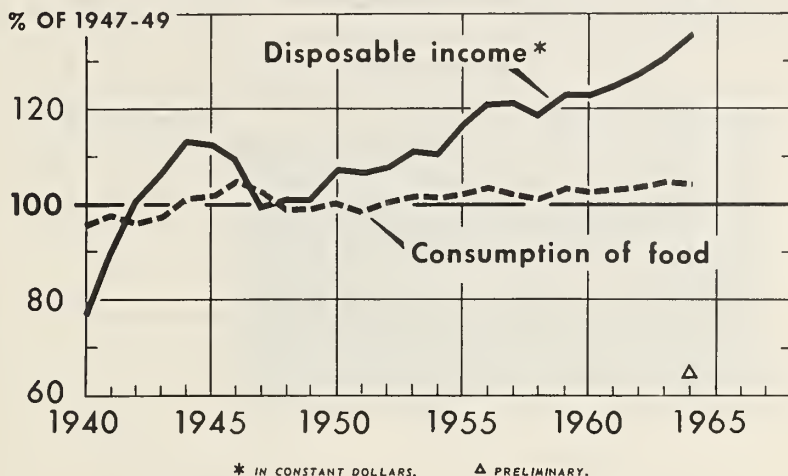
Figure 17

Gross private domestic investments, 1957 to date
(quarterly data seasonally adjusted annual rates)

Period	New construction			Producers' durable equipment	Fixed investment	Change in business inventories	Gross private domestic investment
	Residential nonfarm	Other	Total				
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
1957	17.0	19.0	36.1	28.5	64.6	1.6	66.1
1958	18.0	17.4	35.5	23.1	58.6	-2.0	56.6
1959	22.3	17.9	40.2	25.9	66.2	6.6	72.7
1960	21.1	19.7	40.7	27.6	68.3	3.5	71.8
1961	21.1	19.8	41.0	25.9	66.9	1.9	68.8
1962	23.6	20.6	44.2	29.0	73.3	5.9	79.1
1963	25.2	21.3	46.6	31.0	77.6	4.4	82.0
1960: I	21.5	19.3	40.9	27.4	68.3	9.3	77.6
II	21.2	19.5	40.7	28.4	69.1	4.2	73.3
III	21.0	19.5	40.5	27.7	68.2	2.7	70.9
IV	20.5	20.2	40.7	26.8	67.5	-2.3	65.3
1961: I	20.1	19.7	39.9	24.9	64.8	-3.9	60.9
II	20.9	20.0	40.9	25.1	66.0	2.1	68.0
III	21.5	19.9	41.3	26.3	67.6	3.7	71.3
IV	22.1	19.8	41.9	27.4	69.3	5.6	74.9
1962: I	22.5	20.0	42.5	28.1	70.6	6.9	77.4
II	23.5	20.6	44.1	28.8	72.9	6.1	78.9
III	24.4	21.1	45.5	29.6	75.1	5.1	80.2
IV	24.0	20.9	44.9	29.7	74.6	5.4	79.9
1963: I	24.3	20.4	44.7	29.6	74.3	3.6	77.9
II	25.1	20.8	45.9	30.7	76.6	3.6	80.2
III	25.4	21.9	47.2	31.4	78.6	4.2	82.8
IV	26.2	22.1	48.3	32.4	80.7	6.4	87.1
1964: I	26.9	22.3	49.2	34.2	83.4	2.5	85.9
II	26.3	22.7	49.0	35.0	84.0	3.0	87.0

U. S. Department of Commerce.

PER CAPITA FOOD CONSUMPTION AND DISPOSABLE INCOME



NEG. ERS 524X-64 (8) ECONOMIC RESEARCH SERVICE

Figure 18

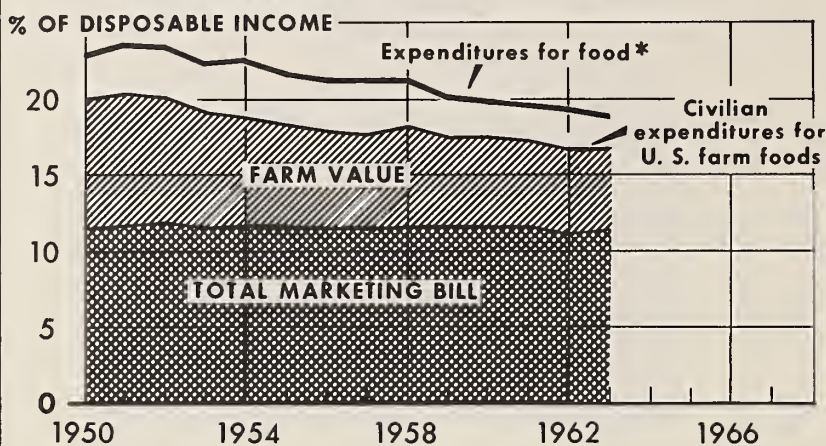
Per capita consumption of food and real disposable income,
1940 to date (Index 1947-49=100)

Year	Food consumption 1/	Disposable personal income (constant dollars) 2/
1940	95.4	77.1
1941	97.3	88.7
1942	96.2	100.1
1943	97.4	105.8
1944	100.4	112.9
1945	101.4	112.0
1946	104.1	109.1
1947	102.2	99.2
1948	98.9	100.7
1949	98.9	100.1
1950	100.2	106.7
1951	98.3	106.3
1952	100.3	107.3
1953	101.4	110.8
1954	101.3	110.5
1955	102.1	116.2
1956	103.8	120.1
1957	102.2	120.3
1958	101.3	118.5
1959	103.3	122.5
1960	103.0	122.6
1961	103.2	124.4
1962	103.1	127.7
1963	103.9	130.0

1/ Quantities of individual food items combined in terms of 1947-49 average retail prices.

2/ Computed from data of Department of Commerce; deflated by Consumer Price Index.

FOOD EXPENDITURES RELATIVE TO INCOME



*PERSONAL CONSUMPTION EXPENDITURES FOR FOOD, LESS ALCOHOLIC BEVERAGES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2189-64 (1) ECONOMIC RESEARCH SERVICE

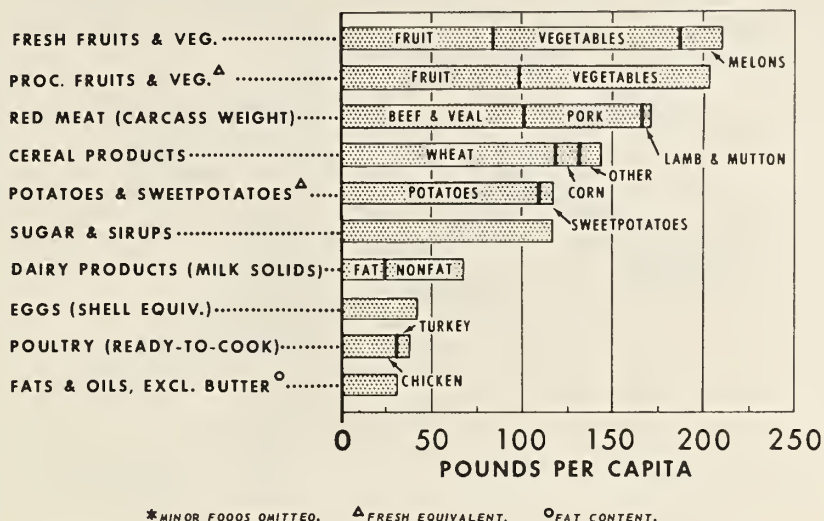
Figure 19

Food expenditures as proportion of disposable income, 1950-63

Year	Expenditures for food 1/	Civilian expenditures for U. S. farm food 2/		
		Total	Farm value	Total marketing bill
	Percent	Percent	Percent	Percent
1950	22.8	20.0	8.5	11.5
1951	23.5	20.4	8.8	11.6
1952	23.4	20.2	8.3	11.9
1953	22.4	19.1	7.6	11.5
1954	22.4	18.8	7.1	11.7
1955	21.6	18.3	6.7	11.6
1956	21.3	17.9	6.4	11.5
1957	21.1	17.7	6.3	11.4
1958	21.2	18.1	6.5	11.6
1959	20.2	17.5	5.9	11.6
1960	19.9	17.5	5.9	11.6
1961	19.5	17.2	5.7	11.5
1962	19.2	16.7	5.6	11.1
1963	18.9	16.5	5.3	11.2

1/ Department of Commerce, personal consumption expenditures for food, less alcoholic beverages. 2/ Computed by Economic Research Service. This series omits imported foods, fish and other seafoods, home-produced food, and food furnished the Armed Forces; it implicitly includes the value of the following items omitted from the Commerce series: Meals charged as a business expense, meals served patients in hospitals and persons living in institutions, food distributed free by Government agencies, and meals served by airlines, camps, and other agencies that do not make separate charges for food.

FOOD CONSUMPTION, 1963*



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2643-64 (8) ECONOMIC RESEARCH SERVICE

Figure 20

U. S. Food consumption, 1963 ^{1/}

Commodity	Pounds per capita	Commodity	Pounds per capita
Fresh fruits and vegetables	206.8	Potatoes and sweetpotatoes ^{2/}	115.4
Fruits	79.9	Potatoes	108.3
Vegetables	102.2	Sweetpotatoes	7.1
Melons	24.7	Sugars and sirups	115.9
Processed fruits and vegetables ^{2/}	200.8	Dairy products (milk solids)	64.7
Fruits	95.9	Fat	23.3
Vegetables	104.9	Nonfat	41.4
Red meat (carcass weight)	169.3	Eggs (shell equivalent)	41.2
Beef and veal	99.1	Poultry (ready-to-cook)	37.5
Pork	65.3	Chicken	30.8
Lamb and mutton	4.9	Turkey	6.7
Cereal products	144.5	Fats and oils, excluding butter ^{3/}	31.9
Wheat	118.6		
Corn	13.5		
Other	12.4		

^{1/} Minor foods omitted.

^{2/} Fresh equivalent.

^{3/} Fat content.

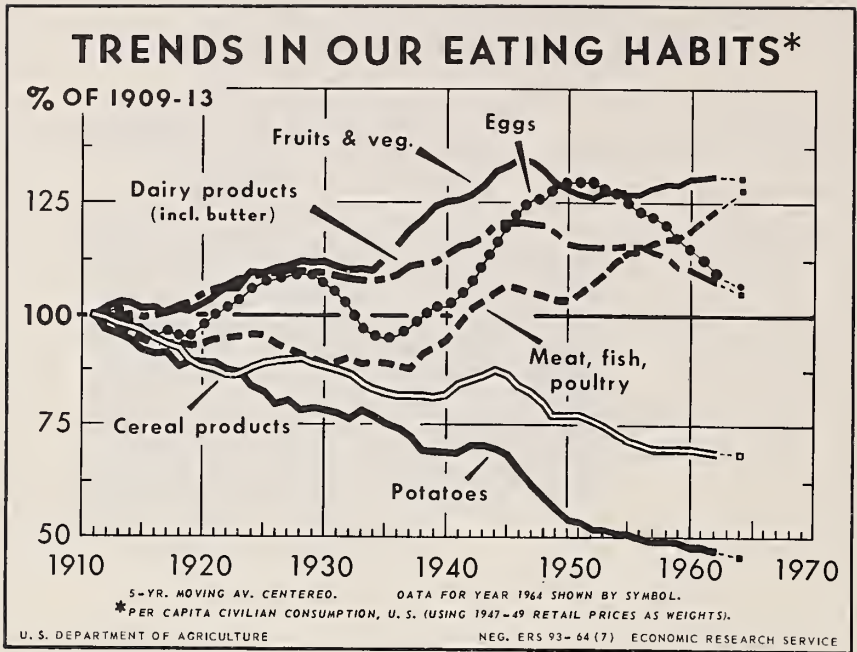


Figure 21

Per capita consumption of selected foods, centered 5-year averages, 1911-62, and annual, 1964 ^{1/}

(Index: 1909-13=100)

Year ^{2/}	Meats, fish, poultry	Dairy products (including butter)	Eggs	Fruits and vegetables ^{3/}	Potatoes and sweet-potatoes	Cereal products
1911	100.0	100.0	100.0	100.0	100.0	100.0
1915	94.2	99.5	96.8	100.9	91.8	96.2
1920	93.7	104.4	97.3	102.0	89.6	88.2
1925	95.9	109.2	106.9	109.2	82.6	88.8
1930	89.6	109.6	106.9	112.1	78.5	89.0
1935	89.6	108.8	94.8	112.7	75.6	82.1
1940	94.7	114.8	101.6	125.6	69.2	82.1
1945	106.7	121.0	120.2	133.7	69.0	86.5
1950	102.8	116.0	129.4	127.5	53.8	77.4
1955	113.9	115.3	125.0	127.4	51.0	72.0
1960	118.7	109.8	114.7	130.2	47.9	69.9
1961	120.9	108.5	112.0	130.4	47.6	69.5
1962	122.7	107.3	109.4	130.5	47.0	69.2
1964 ^{4/}	127.2	105.6	106.5	130.2	45.9	68.8

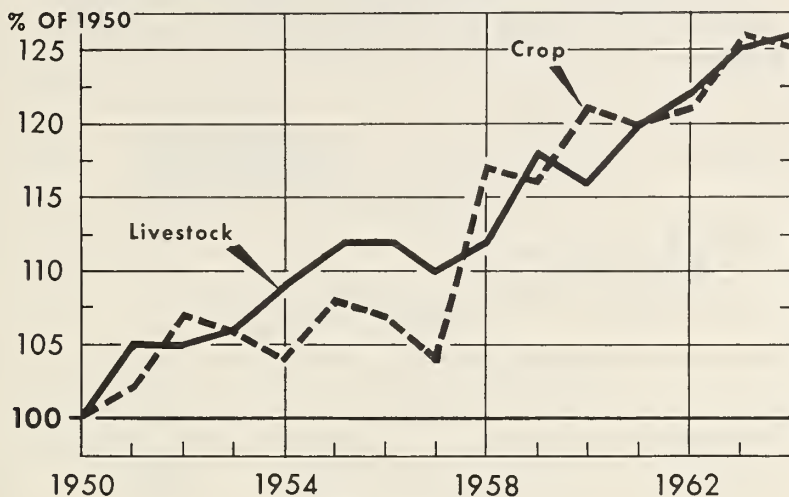
^{1/} Civilian consumption beginning 1941. Quantities of food items combined in terms of 1947-49 food prices.

^{2/} Years indicated are mid-points of 5-year periods, except for 1964 which is a single year. Note: Data for 1961 and 1962 are 5-year moving averages.

^{3/} Excludes potatoes, sweetpotatoes, and dry beans and peas.

^{4/} Preliminary.

CROP AND LIVESTOCK PRODUCTION



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1357 A - 64 (8) ECONOMIC RESEARCH SERVICE

Figure 22

Crop and livestock production, United States, 1950-64

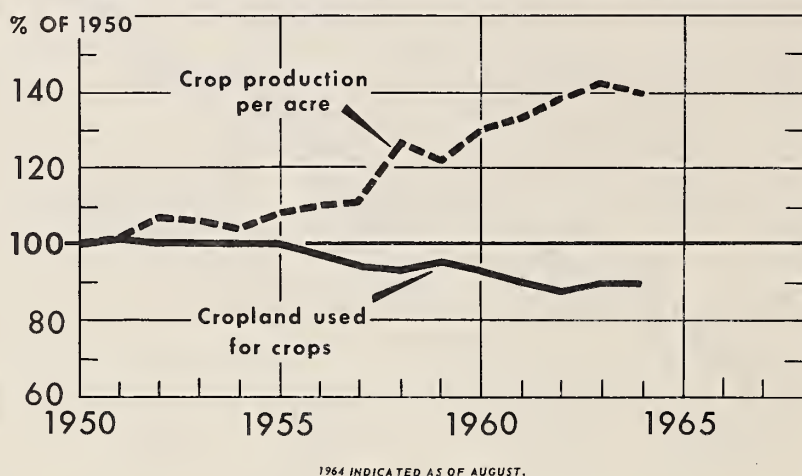
(Index: 1950-100)

Year	Total livestock production	Total crop production
1950	100	100
1951	105	102
1952	105	107
1953	106	106
1954	109	104
1955	112	108
1956	112	107
1957	110	104
1958	112	117
1959	118	116
1960	116	121
1961	120	120
1962	122	120
1963	125	126
1964 ^{1/}	126	125

^{1/} Indicated as of August.

Based on data in Changes in Farm Production and Efficiency, Stat. Bul. 233, July 1964.

CROP PRODUCTION PER ACRE AND CROPLAND USED FOR CROPS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1355X - 64 (8) ECONOMIC RESEARCH SERVICE

Figure 23

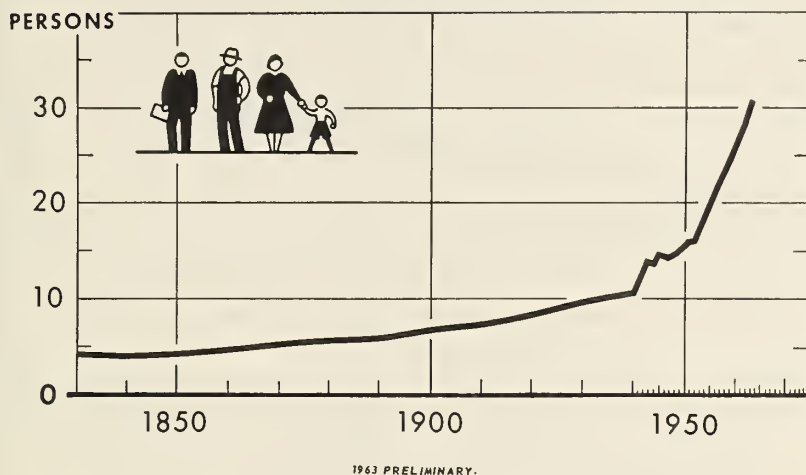
Cropland used for crops and crop production per acre,
United States, 1950-64

Index numbers (1950=100)

Year	Cropland used for crops	Crop production per acre
1950	100	100
1951	101	101
1952	100	107
1953	100	106
1954	100	104
1955	100	108
1956	97	110
1957	94	111
1958	93	126
1959	95	122
1960	93	130
1961	90	133
1962	87	138
1963	89	142
1964 ^{1/}	89	140

^{1/} Indicated as of August.

PERSONS SUPPLIED PER FARM WORKER



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1678X-64 (7) ECONOMIC RESEARCH SERVICE

Figure 24

Total number of persons supplied farm products by one
farmworker, United States, 1820-1963 ^{1/}

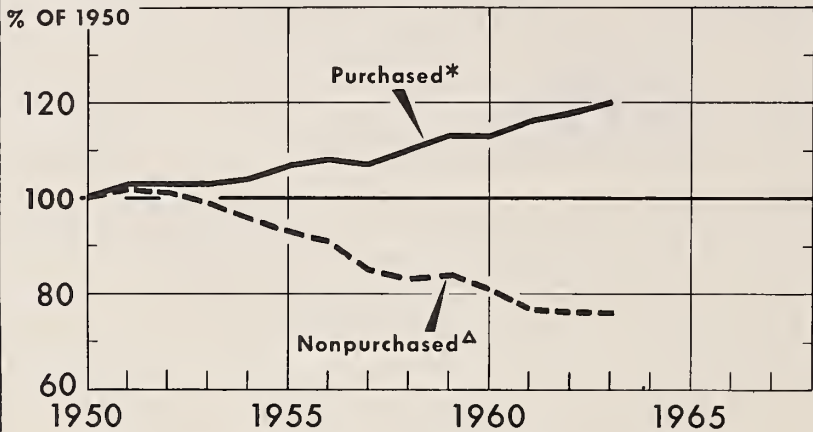
Year	Persons supplied per farmworker ^{2/}	Year	Persons supplied per farmworker ^{2/}
	Number		Number
1820	4.12	1947	14.13
1830	4.00	1948	14.52
		1949	14.92
1840	3.95		
1850	4.18	1950	15.47
1860	4.53	1951	15.76
1870	5.14	1952	16.40
1880	5.57	1953	17.21
		1954	18.10
1890	5.77		
1900	6.95	1955	19.49
1910	7.07	1956	21.72
1920	8.27	1957	22.76
1930	9.75	1958	23.21
		1959	24.51
1940	10.69		
1941	11.97	1960	25.85
1942	12.97	1961	27.58
1943	13.54	1962	28.57
1944	13.84	1963 ^{3/}	30.74
1945	14.55		
1946	14.28		

^{1/} Includes persons in other countries supplied by our agricultural exports.

^{2/} Persons supplied includes the farmworker. Thus, in 1820, the average farmworker supplied himself and 3.12 other persons.

^{3/} Preliminary.

PURCHASED AND NONPURCHASED INPUTS



* ALL INPUTS OTHER THAN NONPURCHASED INPUTS AND PRODUCTS OF OTHER FARMS.

^ OPERATOR AND FAMILY LABOR, OPERATOR-OWNED REAL ESTATE, AND OTHER CAPITAL ITEMS.

1963 DATA PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1386 X-63 (10) ECONOMIC RESEARCH SERVICE

Figure 25

Purchased and nonpurchased farm production inputs,
United States, 1950-63

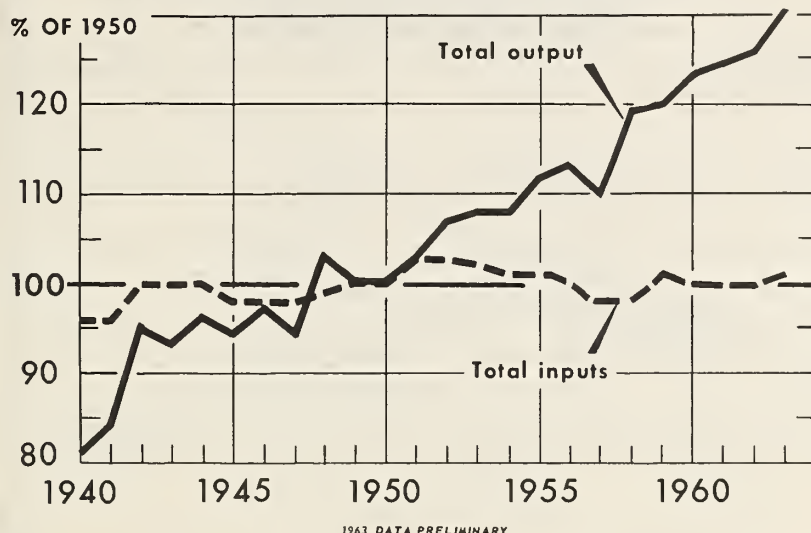
Index number (1950=100)			
Farm production inputs			
	Nonpurchased 1/		Purchased 2/
1950	100		100
1951	102		103
1952	101		103
1953	99		103
1954	96		104
1955	93		107
1956	91		108
1957	85		107
1958	83		110
1959	84		113
1960	81		113
1961	78		116
1962	76		118
1963 3/	76		120

1/ Operator and family labor, operator-owned real estate, and other capital items.

2/ All inputs other than nonpurchased inputs and products of other farms.

3/ Preliminary.

FARM OUTPUT AND INPUTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 819-64 (1) ECONOMIC RESEARCH SERVICE

Figure 26

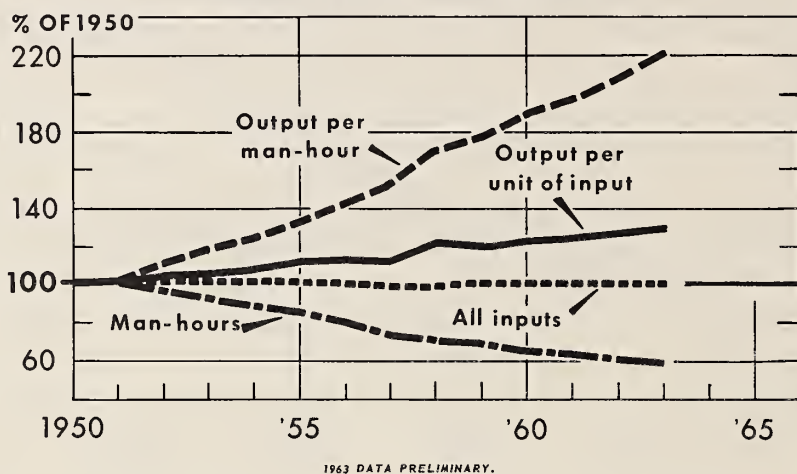
Farm output and inputs, 1940-63

(1950=100)

Year	Total output	Total inputs
1940	81	96
1941	85	96
1942	95	99
1943	93	100
1944	97	100
1945	94	98
1946	98	98
1947	94	98
1948	102	99
1949	101	100
1950	100	100
1951	103	103
1952	107	102
1953	108	102
1954	108	101
1955	112	101
1956	113	100
1957	110	98
1958	119	98
1959	120	101
1960	123	100
1961	124	100
1962	126	100
1963 1/	130	101

1/ Preliminary.

FARM INPUTS AND OUTPUT PER UNIT OF INPUT



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2946-64(6) ECONOMIC RESEARCH SERVICE

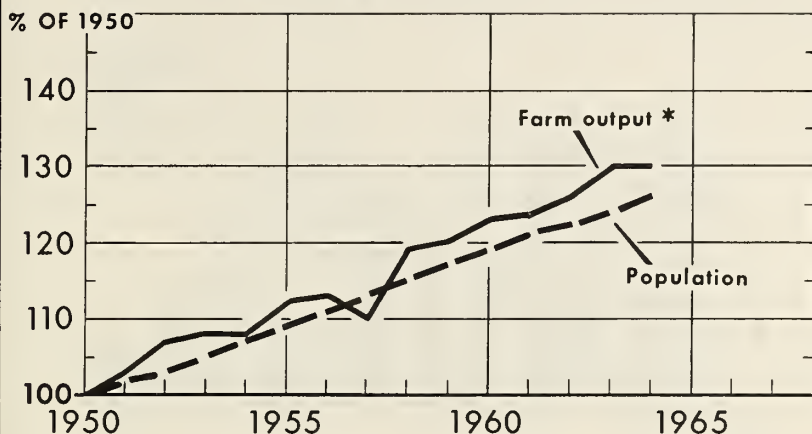
Figure 27

Man-hours used, total inputs, and farm output per unit of input
and per man-hour, United States, 1950-63

Index numbers (1950=100)				
Year	Man-hours of farmwork	Total farm inputs	Output per man-hour	Output per unit of input
1950	100	100	100	100
1951	101	103	102	100
1952	96	102	111	105
1953	92	102	117	106
1954	88	101	123	107
1955	85	101	132	111
1956	80	100	141	113
1957	73	98	151	112
1958	70	98	170	121
1959	68	101	176	119
1960	65	100	189	123
1961	63	100	197	124
1962	60	100	208	126
1963 ^{1/}	58	101	221	129

^{1/} Preliminary.

FARM OUTPUT AND U. S. POPULATION



* 1963 PRELIMINARY: 1964 INDICATED AS OF AUGUST.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1373X-63 (8)

ECONOMIC RESEARCH SERVICE

Figure 28

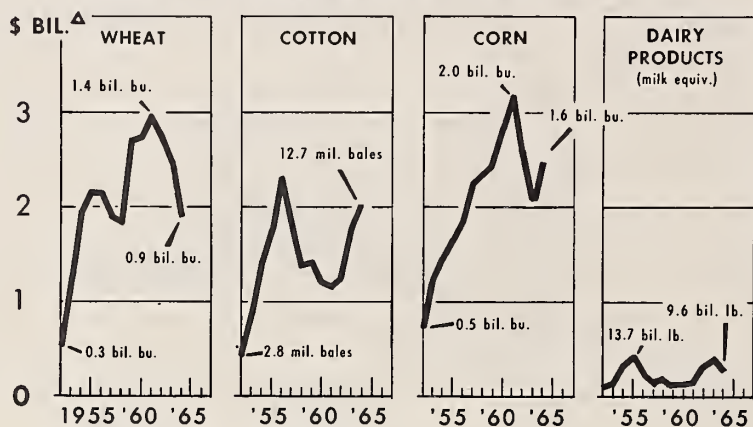
Population and farm output, 1950-64

(Index: 1950=100)

Year	Population	Farm output ^{1/}
1950	100	100
1951	102	103
1952	103	107
1953	105	108
1954	107	108
1955	109	112
1956	111	113
1957	113	110
1958	115	119
1959	117	120
1960	119	123
1961	121	124
1962	122	126
1963	124	2/130
1964	126	3/130

^{1/} Farm output based on data from Changes in Farm Production and Efficiency, Stat. Bull. 233, July 1963. ^{2/} Preliminary. ^{3/} Indicated as of August.

CARRYOVER OF WHEAT, COTTON, CORN, AND DAIRY PRODUCTS



Δ COMMODITIES VALUED AT 1955 SUPPORT LEVELS.

YEARS BEGINNING: WHEAT, JULY 1; COTTON, AUG. 1; CORN, OCT. 1; AND DAIRY PRODUCTS, JAN. 1.

1964 BASED ON INDICATED PRODUCTION AND DISAPPEARANCE AS OF JULY 1964.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1514-64 (8)

ECONOMIC RESEARCH SERVICE

Figure 29

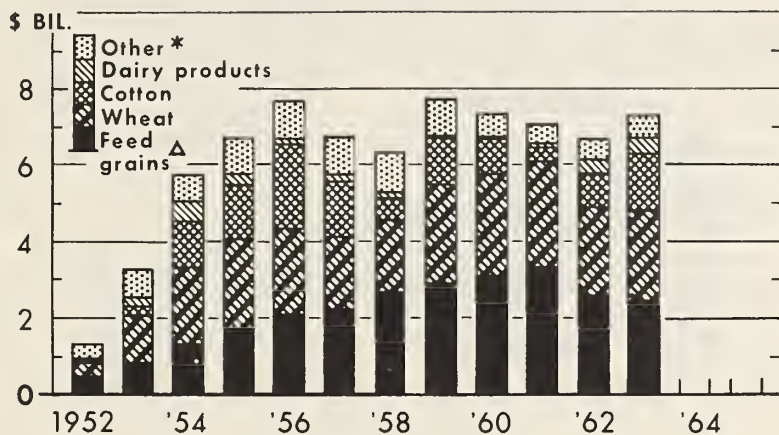
Carryover of major commodities: Wheat, cotton, corn, and dairy products, 1952-64 ^{1/}

Year	Wheat		Cotton		Corn		Dairy products (milk equivalent) ^{2/}	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Mil. bu.	Mil. dol.	1,000 bales	Mil. dol.	Mil. bu.	Mil. dol.	Mil. lb.	Mil. dol.
1952	256	532	2,789	442	487	769	3,626	114
1953	606	1,260	5,605	888	769	1,215	5,075	160
1954	934	1,943	9,728	1,542	920	1,454	10,789	340
1955	1,036	2,155	11,205	1,776	1,035	1,635	13,720	432
1956	1,033	2,149	14,529	2,303	1,165	1,841	9,113	287
1957	909	1,891	11,323	1,795	1,420	2,244	5,581	176
1958	881	1,832	8,737	1,385	1,470	2,323	6,448	203
1959	1,295	2,694	8,885	1,408	1,530	2,417	4,763	150
1960	1,314	2,733	7,559	1,198	1,787	2,823	4,154	131
1961	1,411	2,935	7,228	1,146	2,008	3,173	5,394	170
1962	1,322	2,750	7,831	1,241	1,640	2,591	9,898	312
1963	1,195	2,486	11,216	1,778	1,316	2,079	12,691	400
1964	900	1,872	12,700	2,013	1,550	2,449	9,609	303

^{1/} Beginning of crop year: Wheat, July 1; cotton, August 1; corn, October 1; dairy products, January 1. Quantities are valued at 1955 support levels.

^{2/} The relatively insignificant quantities of nonfat milk solids which could not be imputed to butterstocks are ignored.

CCC PRICE SUPPORT INVENTORIES AND LOANS, END OF FISCAL YEAR



* PRIMARILY SOYBEANS AND TOBACCO.

Δ INCLUDES CORN, BARLEY, GRAIN SORGHUMS AND OATS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2114- 64 (7)

ECONOMIC RESEARCH SERVICE

Figure 30

CCC price support inventories and loans, end of fiscal year,
1952-63

Year	Feed grains 1/	Wheat and products	Cotton	Dairy products	Other commodities 2/
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1952	524	364	49	5	379
1953	816	1,186	321	269	704
1954	1,339	2,011	1,174	523	720
1955	1,691	2,329	1,396	330	924
1956	2,020	2,295	2,162	165	1,027
1957	2,201	1,915	1,448	161	979
1958	2,633	1,932	545	142	1,024
1959	2,880	2,574	1,209	70	974
1960	3,121	2,615	889	106	593
1961	3,360	2,707	352	147	473
1962	2,594	2,292	840	379	552
1963	2,450	2,329	1,470	418	589

1/ Includes corn, barley, grain sorghums, and oats.

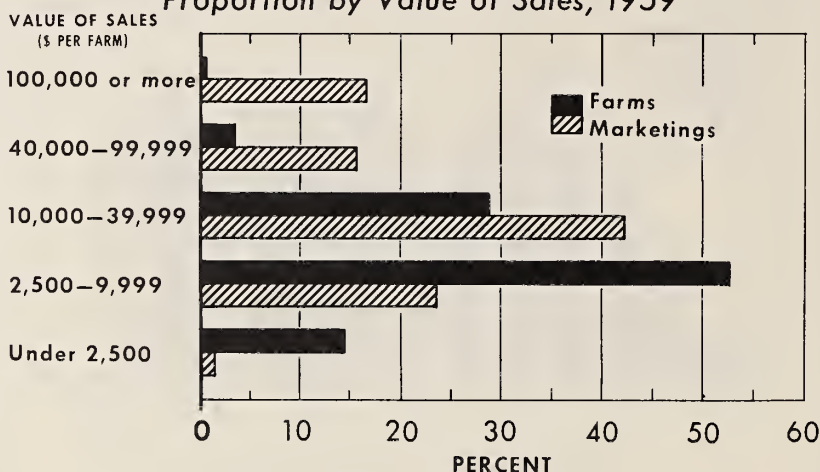
2/ Includes all other commodities under price support, primarily soybeans and tobacco.

Agricultural Stabilization and Conservation Service, Report of Financial Condition and Operations.

Commercial Farms

NUMBER OF FARMS AND MARKETINGS

Proportion by Value of Sales, 1959



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2085-63 (6) ECONOMIC RESEARCH SERVICE

Figure 31

Commercial farms: Number and value of sales,
United States, 1959 ^{1/}

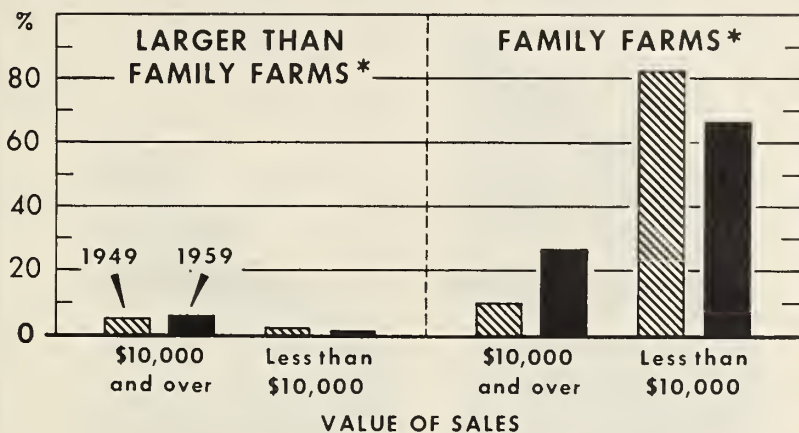
Value of sales per farm	Number of farms	Total value of sales	Proportion of all com- mercial farms	
			Number	Marketings
	Number	Thousand dollars	Percent	Percent
\$100,000 or more	19,861	4,862,959	0.8	16.6
\$40,000 to \$99,999	81,974	4,658,830	3.4	15.9
\$10,000 to \$39,999	692,640	12,338,994	28.7	42.1
\$2,500 to \$9,999	1,269,969	6,989,292	52.6	23.8
Under \$2,500	348,473	460,188	14.5	1.6
All commercial farms	2,412,917	29,310,263	100.0	100.0

^{1/} Alaska and Hawaii not included.

Data derived from special tabulation by the Bureau of the Census of a sample of farms for the 1959 Census of Agriculture.

FAMILY AND LARGER FARMS

Proportion by Value of Sales



*FAMILY FARMS ARE THOSE WITH LESS THAN 1.5 MAN-YEARS OF HIRED LABOR.
LARGER THAN FAMILY FARMS ARE THOSE WITH 1.5 AND MORE MAN-YEARS OF HIRED LABOR.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2086-64(6) ECONOMIC RESEARCH SERVICE

Figure 32

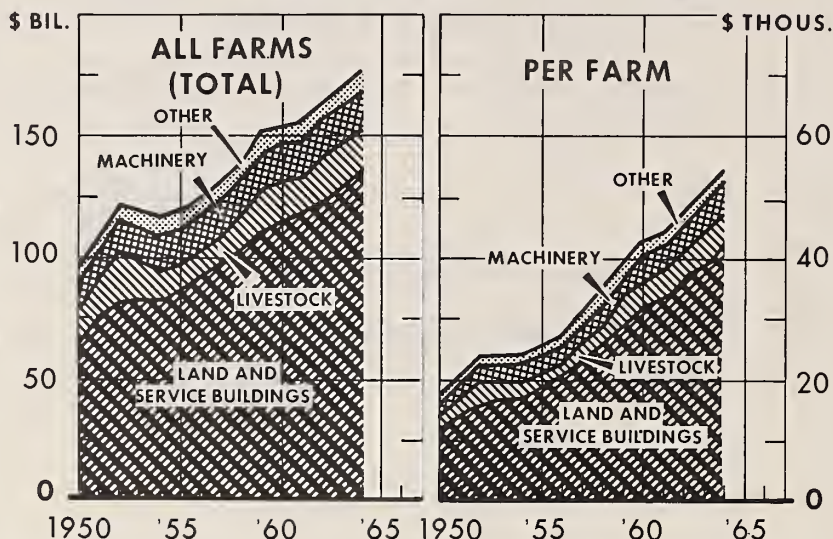
Family and larger than family farms, 1949 and 1959 ^{1/}

Man-years of hired labor and value of marketings	Number of farms ^{2/}		Proportion of all farms	
	1949	1959	1949	1959
	Thousands	Thousands	Percent	Percent
<u>Less than 1.5 man-years</u>				
\$10,000 or more marketings	334	650	10	27
Less than \$10,000 marketings	2,800	1,606	83	67
Total	3,134	2,256	93	94
<u>1.5 or more man-years</u>				
\$10,000 or more marketings	150	144	5	6
Less than \$10,000 marketings	74	13	2	---
Total	224	157	7	6
All commercial farms	3,358	2,413	100	100

^{1/} Alaska and Hawaii excluded.

^{2/} Adjusted for change in farm definition and for census farms undercounting.

U. S. FARM PRODUCTION ASSETS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2948-64(6) ECONOMIC RESEARCH SERVICE

Figure 33

Production assets: Total and per farm, 1950-64

(Current dollars)										
Year	Real estate 1/	Live- stock 2/	Machin- ery 3/	Other 4/	Total 5/	Real estate 1/	Live- stock 2/	Machin- ery 3/	Other 4/	Total 5/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Dol.	Dol.	Dol.	Dol.	Dol.
	Total assets					Assets per farm				
1950	64.6	12.4	10.4	6.7	94.2	12,003	2,119	1,841	1,193	17,236
1951	75.0	16.7	11.7	7.0	110.4	14,349	3,080	2,149	1,290	20,868
1952	82.5	19.2	13.4	7.3	122.3	16,305	3,693	2,573	1,404	23,975
1953	83.6	14.5	13.8	7.2	119.1	17,039	2,908	2,774	1,445	24,166
1954	82.9	11.5	14.2	7.0	115.5	17,328	2,395	2,953	1,459	24,135
1955	85.8	11.0	14.1	7.4	118.3	18,814	2,357	3,032	1,600	25,803
1956	90.9	10.4	14.4	7.2	122.9	20,904	2,300	3,200	1,484	27,888
1957	98.0	10.7	14.9	7.4	131.0	23,734	2,456	3,413	1,555	31,158
1958	102.6	13.6	15.1	7.1	138.3	26,202	3,206	3,564	1,512	34,484
1959	110.3	17.3	16.0	7.6	151.3	29,783	4,230	3,917	1,860	39,790
1960	116.0	15.2	16.5	7.1	154.8	32,480	3,851	4,170	1,799	42,300
1961	117.5	15.5	15.9	6.6	155.6	34,097	4,077	4,161	1,739	44,074
1962	123.5	16.4	16.0	6.6	162.4	37,007	4,437	4,339	1,795	47,578
1963	128.8	17.2	16.4	6.7	169.1	39,849	4,816	4,597	1,869	51,131
1964 6/	136.4	15.7	16.8	7.1	176.0	43,402	4,508	4,847	2,034	54,791

1/ Farmland and service buildings, excluding dwellings.

2/ Excludes horses and mules.

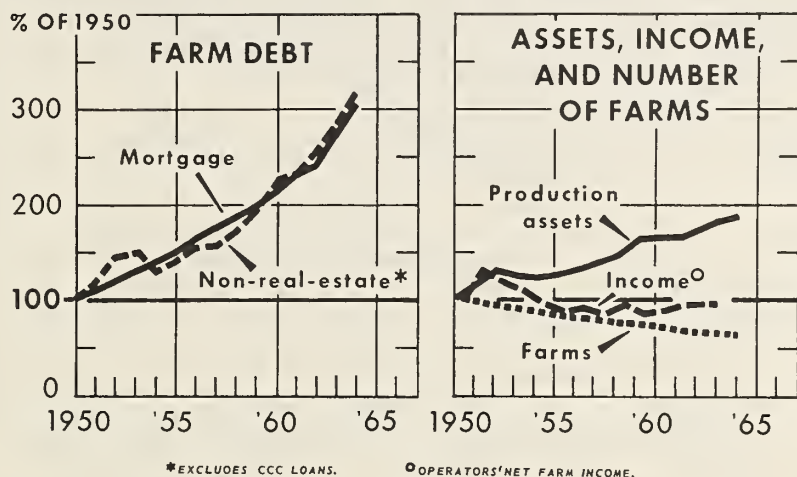
3/ Includes horses and mules through 1960.

4/ Crops held for livestock feed and working capital.

5/ Detail may not add to total because of rounding.

6/ 1964 preliminary.

FARM DEBT, ASSETS, INCOME, AND NUMBER OF FARMS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2947-64 (8) ECONOMIC RESEARCH SERVICE

Figure 34

Changes in farm debt, assets, incomes, and in
number of farms, United States,
1950-64 ^{1/}

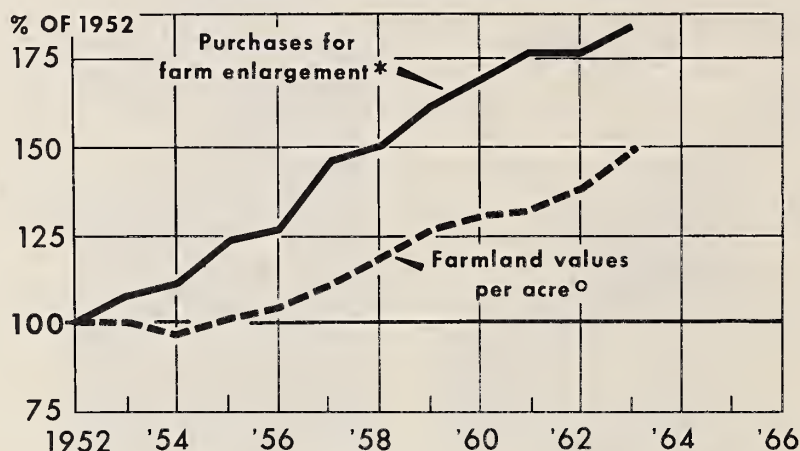
(1950=100)

Year	Farm debt		Farm assets, income, and number of farms		
	Mortgage debt	Nonreal estate debt ^{2/}	Value of farm production assets	Operators realized net farm income	Number of farms
1950	100	100	100	100	100
1951	110	119	117	115	96
1952	119	144	130	109	92
1953	130	149	126	105	88
1954	139	132	123	93	85
1955	148	140	126	87	82
1956	162	154	131	91	80
1957	176	155	139	84	77
1958	186	171	147	96	75
1959	199	196	161	86	73
1960	216	224	164	89	70
1961	230	232	165	95	68
1962	249	251	172	96	65
1963	272	281	180	95	63
1964	301	314	187		62

^{1/} Debt as of January 1.

^{2/} Excludes CCC loans.

FARMLAND VALUES AND FARM ENLARGEMENT



*PROPORTION OF ALL PURCHASES, YEAR ENDED MARCH 1.

°AS OF MARCH 1 OF YEAR INDICATED.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1734X-64(6) ECONOMIC RESEARCH SERVICE

Figure 35

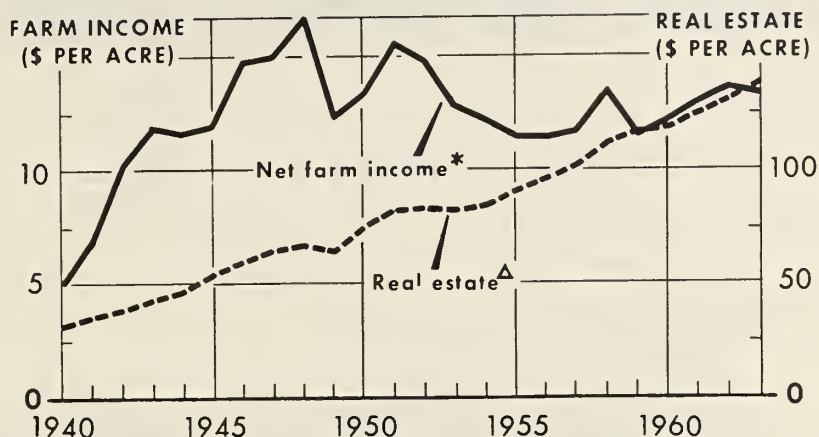
Farmland values per acre and proportion of purchases for farm enlargement

Year	Index of values per acre 1/	Enlargement purchases 2/	1952 = 100	
			Values	Purchases
	1957-59 = 100	Percent	Percent	Percent
1952	82	26	100	100
1953	83	28	101	108
1954	82	29	100	112
1955	85	32	104	123
1956	89	33	109	127
1957	95	38	116	146
1958	99	40	121	154
1959	106	42	129	162
1960	111	45	135	173
1961	112	46	137	177
1962	118	46	144	177
1963	123	48	150	185

1/ Farmland and buildings as of March 1.

2/ Percent of all purchases, years ended March 1.

FARM INCOME AND REAL ESTATE VALUES



* INCLUDES INTEREST PAID ON FARM MORTGAGE DEBT AND NET RENTS TO NONFARM LANDLORDS.

Δ FARMLAND AND BUILDINGS, VALUE PER ACRE, MARCH 1 OF THE FOLLOWING YEAR. 1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2105-64 (7) ECONOMIC RESEARCH SERVICE

Figure 36

Farm income and real estate values, 1940-63

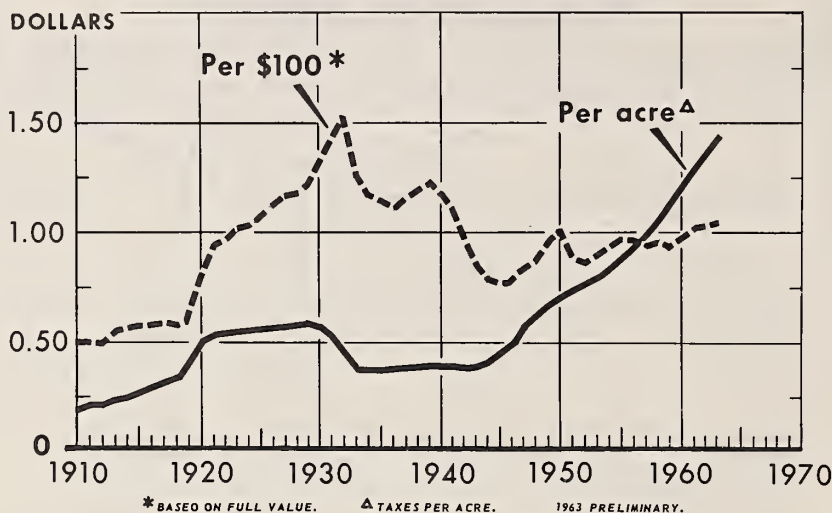
Year	Farm income <u>1/</u>	Real estate <u>2/</u>	Year	Farm income <u>1/</u>	Real estate <u>2/</u>
	Dollars per acre	Dollars per acre		Dollars per acre	Dollars per acre
1940	5.01	31.94	1953	12.81	82.06
1941	6.97	34.35	1954	12.28	85.32
1942	10.14	37.50			
1943	11.82	42.83	1955	11.50	90.05
1944	11.62	47.20	1956	11.52	97.25
			1957	11.71	102.80
1945	12.00	53.31	1958	13.51	111.04
1946	14.74	59.62	1959	11.57	116.48
1947	15.00	63.96			
1948	16.84	66.33	1960	12.25	118.22
1949	12.36	64.96	1961	13.05	124.19
			1962	13.60	129.79
1950	13.38	74.74	1963 <u>3/</u>	13.37	137.30
1951	15.54	82.08			
1952	14.74	83.34			

1/ Net income of farm operators, including inventory changes, plus interest paid on farm real estate debt and net rents to nonfarm landlords.

2/ Farmland and buildings, as of March 1 of following year.

3/ Preliminary.

FARM REAL ESTATE TAXES



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3013-64 (7) ECONOMIC RESEARCH SERVICE

Figure 37

Farm real estate taxes, 1910-1963 1/

Year	Taxes		Year	Taxes	
	Per acre	Per \$100		Per acre	Per \$100
	Dollars	full value		Dollars	full value
1910	.19	.47	1937	.39	1.15
1911	.21	.50	1938	.38	1.17
1912	.21	.49	1939	.39	1.21
1913	.24	.55	1940	.39	1.18
1914	.24	.56	1941	.39	1.12
1915	.26	.57	1942	.38	.97
1916	.28	.57	1943	.38	.84
1917	.31	.58	1944	.40	.79
1918	.33	.57	1945	.44	.77
1919	.41	.59	1946	.49	.77
1920	.51	.79	1947	.57	.83
1921	.54	.94	1948	.62	.87
1922	.54	.96	1949	.66	.95
1923	.55	1.01	1950	.69	1.00
1924	.55	1.03	1951	.73	.88
1925	.56	1.07	1952	.76	.86
1926	.56	1.12	1953	.79	.89
1927	.57	1.16	1954	.82	.93
1928	.58	1.17	1955	.88	.96
1929	.58	1.20	1956	.92	.96
1930	.57	1.31	1957	.99	.94
1931	.53	1.43	1958	1.05	.95
1932	.45	1.52	1959	1.13	.94
1933	.39	1.25	1960	1.22	.97
1934	.37	1.17	1961	1.29	1.02
1935	.37	1.14	1962	1.36	1.03
1936	.38	1.11	1963 <u>2/</u>	1.43	1.05

1/ 1960 on, includes Alaska and Hawaii. 2/ Preliminary.

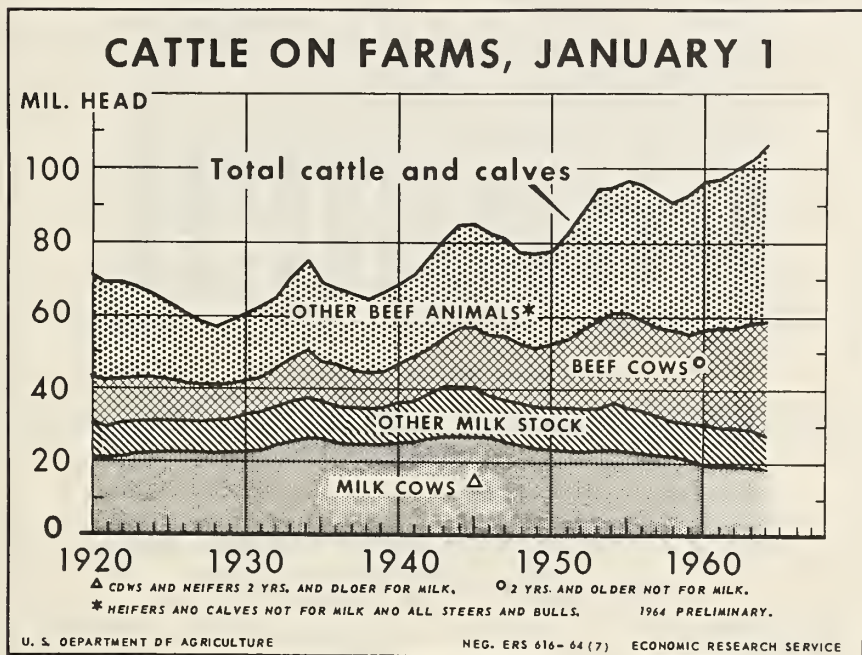


Figure 38

Livestock on farms, pigs saved, and hog slaughter,
United States, 1952 to date

Year	On farms January 1		Pigs saved			Hog slaughter
	Cattle and calves	Sheep and lambs	Spring	Fall	Total	
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1952	88,072	31,982	55,135	33,694	88,829	86,572
1953	94,241	31,900	47,940	29,974	77,914	74,368
1954	95,679	31,356	52,852	33,978	86,830	71,495
1955	96,592	31,582	57,610	38,119	95,729	81,051
1956	95,900	31,157	53,124	36,302	89,426	85,064
1957	92,860	30,654	51,263	36,099	87,362	78,636
1958	91,176	31,217	51,354	42,179	93,533	76,822
1959	93,322	32,606	56,620	42,775	99,395	87,606
1960	96,236	33,170	47,282	41,105	88,387	84,196
1961	97,319	32,967	50,441	42,594	93,035	82,050
1962	99,782	31,305	49,731	44,582	94,313	83,543
1963	103,512	29,777	50,340	43,621	93,961	87,252
1964 1/	106,260	28,133	46,479	40,500	86,979	2/84,400

1/ Preliminary. 2/ Forecast.

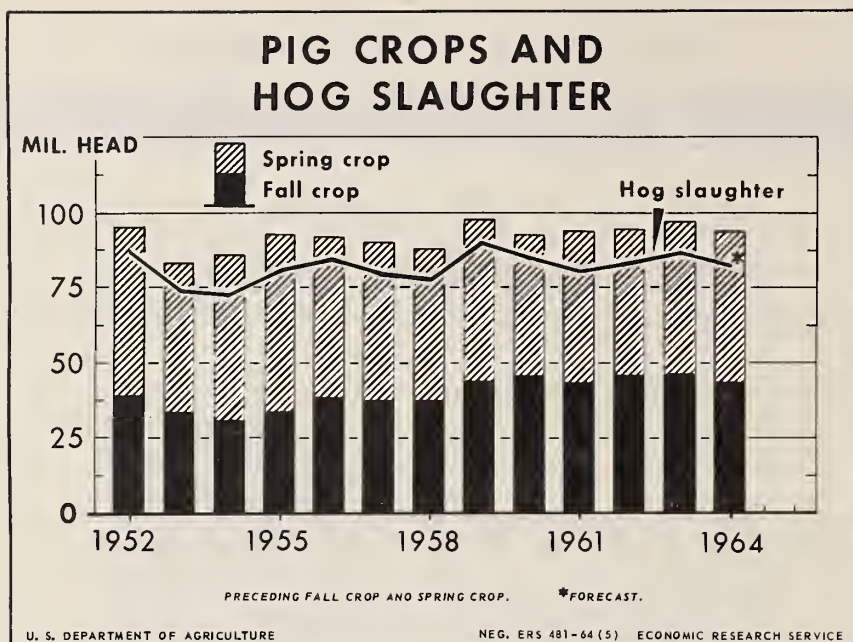


Figure 39

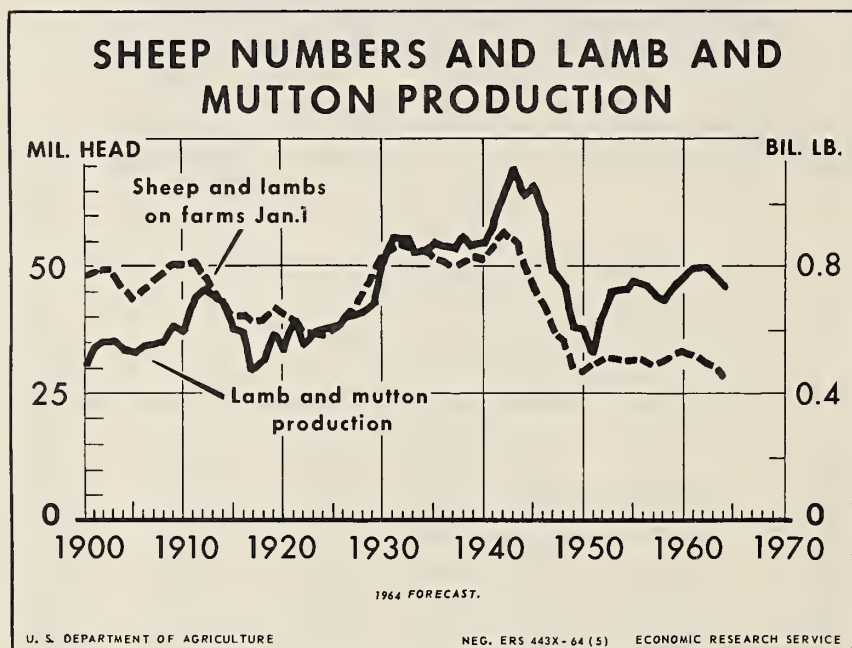
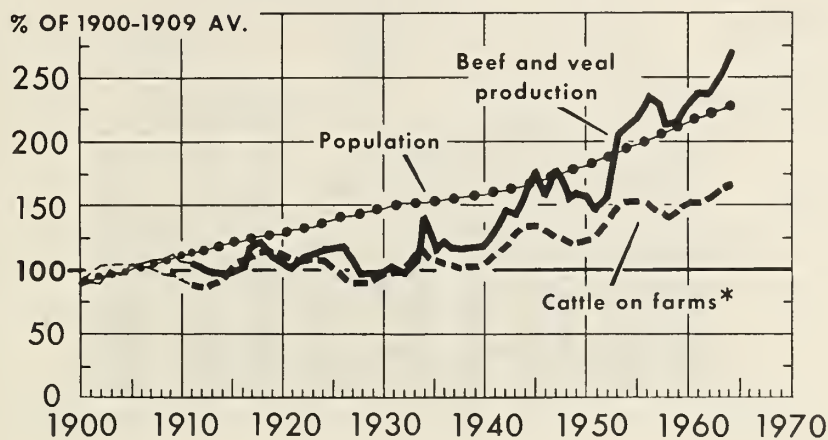


Figure 40

CATTLE NUMBERS, BEEF PRODUCTION AND POPULATION



* CATTLE AND CALVES ON FARMS JAN. 1.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 441-64 (5)

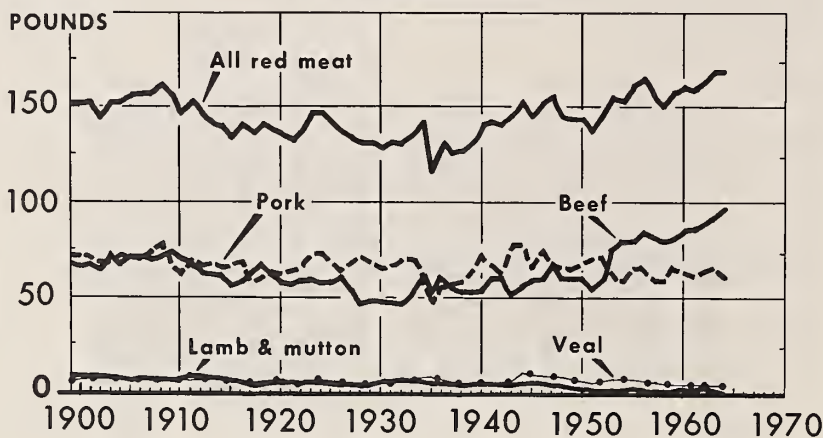
ECONOMIC RESEARCH SERVICE

Figure 41

Cattle numbers, beef production, and population

Year	Cattle and calves on farms January 1	Beef and veal production	Population (civilian July 1)
	<u>Million head</u>	<u>Million pounds</u>	<u>Million</u>
1900-09 average	63.7	6,802	83.1
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
1900-09 average	100	100	100
1961	153	240	217
1962	157	240	220
1963	163	255	224
1964	167	278	227

MEAT CONSUMPTION PER PERSON



1964 DATA FORECAST.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 442-64 (5)

ECONOMIC RESEARCH SERVICE

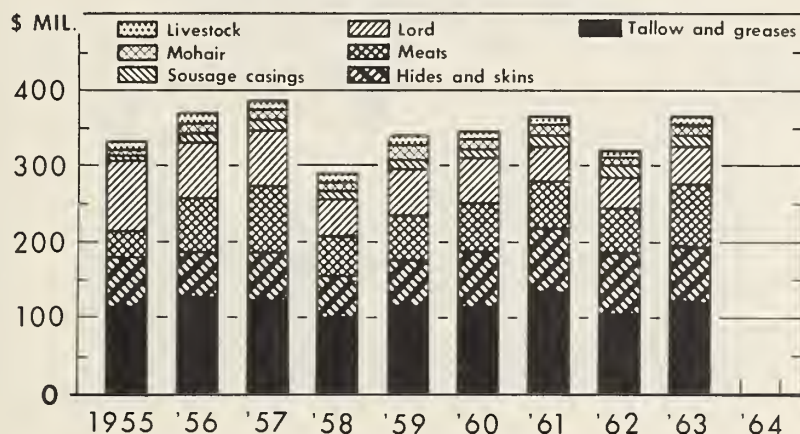
Figure 42

Meat production and per capita consumption of meat, by class,
United States, 1950 to date

Year	Beef		Veal		Lamb and mutton		Pork		Total	
	Produc- tion	Per capita con- sump- tion	Produc- tion	Per capita con- sump- tion	Produc- tion	Per capita con- sump- tion	Produc- tion	Per capita con- sump- tion	Produc- tion	Per capita con- sump- tion
	Mil. lb.	Lb.	Mil. lb.	Lb.	Mil. lb.	Lb.	Mil. lb.	Lb.	Mil. lb.	Lb.
1950	9,534	63.4	1,230	8.0	597	4.0	10,714	69.2	22,075	144.6
1951	8,837	56.1	1,059	6.6	521	3.4	11,481	71.9	21,898	138.0
1952	9,650	62.2	1,169	7.2	648	4.2	11,527	72.4	22,994	146.0
1953	12,407	77.6	1,546	9.5	729	4.7	10,006	63.5	24,688	155.3
1954	12,963	80.1	1,647	10.0	734	4.6	9,870	60.0	25,214	154.7
1955	13,569	82.0	1,578	9.4	758	4.6	10,990	66.8	26,895	162.8
1956	14,462	85.4	1,632	9.5	741	4.5	11,200	67.3	28,035	166.7
1957	14,202	84.6	1,526	8.8	707	4.2	10,424	61.1	26,859	158.7
1958	13,330	80.5	1,186	6.7	688	4.2	10,454	60.2	25,658	151.6
1959	13,580	81.4	1,008	5.7	738	4.8	11,993	67.6	27,319	159.5
1960	14,727	85.2	1,108	6.2	768	4.8	11,605	65.2	28,208	161.4
1961	15,298	88.0	1,044	5.7	832	5.1	11,411	62.2	28,585	161.0
1962	15,296	89.1	1,015	5.5	809	5.2	11,836	63.8	28,956	163.6
1963	16,423	94.5	927	4.9	770	4.9	12,439	65.5	30,559	169.8
1964 1/	17,850	99.0	930	4.9	735	4.6	12,000	63.0	31,515	171.5

1/ Forecast.

U. S. EXPORTS OF LIVESTOCK PRODUCTS



U. S. DEPARTMENT OF AGRICULTURE

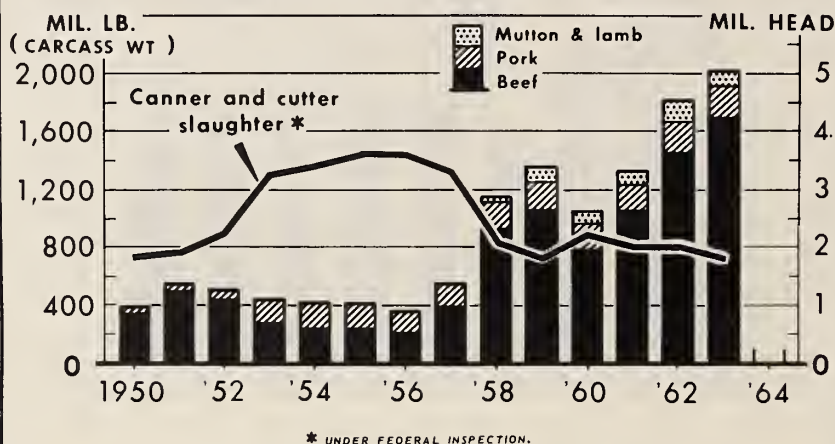
NEG. FAS 2368 FOREIGN AGRICULTURAL SERVICE

Figure 43

U. S. exports of livestock products

Year	Livestock	Mohair	Sausage casings	Lard	Meats	Hides and skins	Tallow and greases	Total
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1955	13.2	6.2	8.6	76.0	48.1	66.5	113.5	332.1
1956	11.6	13.5	7.6	79.7	72.9	56.9	127.8	370.0
1957	13.0	11.8	10.2	74.4	86.1	64.9	123.1	383.5
1958	8.4	11.9	11.8	52.3	52.2	53.3	99.4	289.3
1959	16.7	21.6	11.1	60.2	55.8	60.2	115.9	341.5
1960	11.6	15.6	10.3	60.6	61.8	73.3	115.2	348.4
1961	10.4	14.8	15.0	46.7	63.5	80.7	134.6	365.7
1962	9.1	11.1	14.4	40.6	60.2	77.1	106.8	319.3
1963	11.9	14.2	12.4	48.5	85.2	68.3	123.7	364.2

U. S. MEAT IMPORTS, AND SLAUGHTER OF CANNER AND CUTTER CATTLE



* UNDER FEDERAL INSPECTION.

U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2364 FOREIGN AGRICULTURAL SERVICE

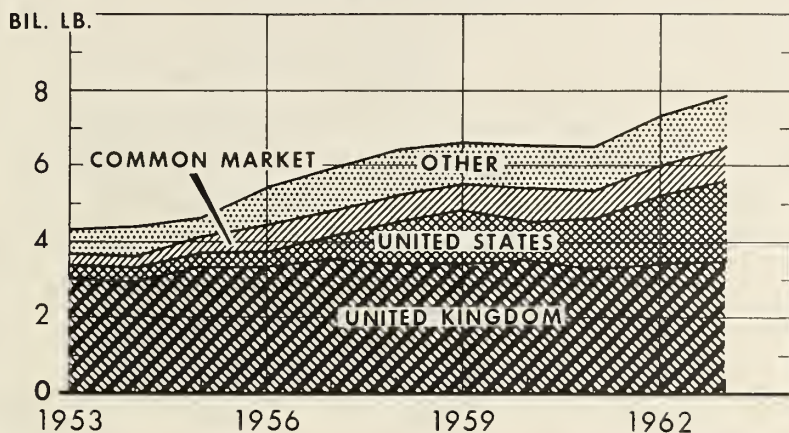
Figure 44

U. S. imports of meat and meat products (carcass weight equivalent), and federally inspected slaughter of canner and cutter cattle

Year	Beef and veal	Pork	Lamb and mutton	Total	Canners and cutters
	Million pounds	Million pounds	Million pounds	Million pounds	Million head
1950	348	33	3	384	1.8
1951	484	51	7	542	1.9
1952	429	71	6	506	2.2
1953	271	164	3	438	3.2
1954	232	184	2	418	3.4
1955	229	175	2	406	3.6
1956	211	151	1	363	3.6
1957	395	144	4	543	3.3
1958	909	193	41	1,143	2.1
1959	1,063	186	104	1,353	1.8
1960	775	186	87	1,048	2.2
1961	1,037	187	101	1,325	2.0
1962	1,440	216	143	1,799	2.0
1963 ^{1/}	1,677	225	145	2,047	1.8

^{1/} Preliminary.

WORLD'S IMPORTERS OF RED MEATS



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2367

FOREIGN AGRICULTURAL SERVICE

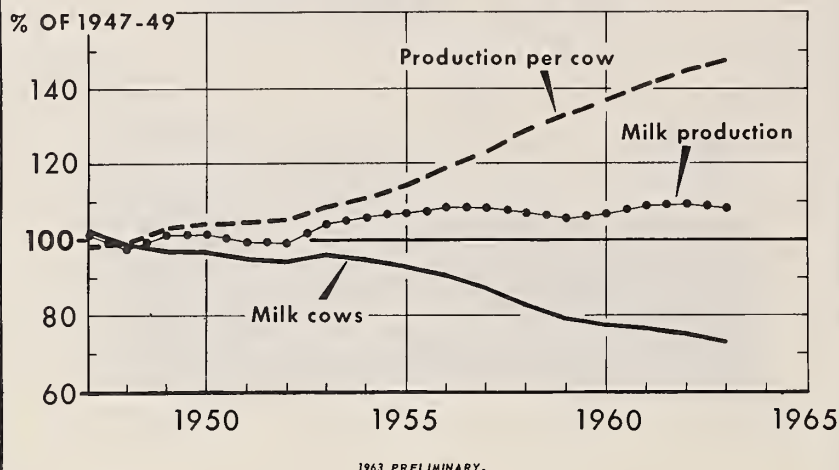
Figure 45

Total world meat imports, carcass-weight equivalent, 1953-63

Country	1953	1954	1955	1956	1957	1958
	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.
United States	0.4	0.4	0.4	0.4	0.6	1.1
United Kingdom	3.0	2.9	3.3	3.3	3.5	3.4
European Common Market ^{1/}	.3	.3	.4	.7	.7	.7
Other	.6	.8	.5	1.0	1.1	1.2
Total	4.3	4.4	4.6	5.4	5.9	6.4
	1959	1960	1961	1962	1963	
	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	
United States	1.4	1.0	1.3	1.8	2.1	
United Kingdom	3.4	3.5	3.3	3.4	3.5	
European Common Market ^{1/}	.7	.9	.7	.8	.9	
Other	1.1	1.1	1.1	1.3	1.4	
Total	6.6	6.5	6.4	7.3	7.9	

^{1/} Belgium-Luxembourg, France, Germany (West), Italy, and The Netherlands.

MILK PRODUCTION, COW NUMBERS, AND MILK PER COW



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2912-64 (6) ECONOMIC RESEARCH SERVICE

Figure 46

Number of cows on farms, production per cow, and total milk production, 1947-63

(1947-49=100)

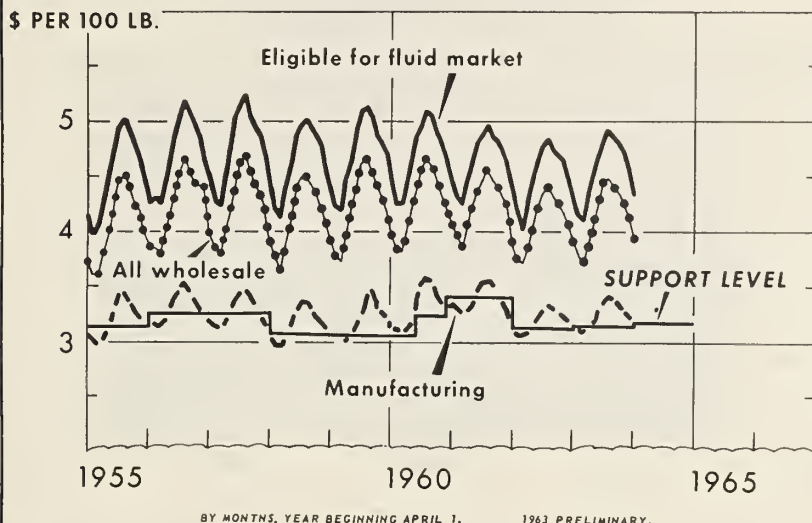
Year	Number of milk cows on farms 1/	Milk production per cow	Milk production
1947	103.4	98.0	101.4
1948	99.0	98.8	97.8
1949	97.6	103.2	100.8
1950	97.3	104.0	101.2
1951	95.3	104.4	99.6
1952	94.6	105.2	99.5
1953	96.1	108.5	104.4
1954	95.6	110.8	106.0
1955	93.3	114.4	106.7
1956	90.9	119.2	108.4
1957	87.6	123.4	108.2
1958	82.9	128.9	107.0
1959	79.3	133.4	105.9
1960	77.8	137.1	106.7
1961	77.0	141.4	108.9
1962	75.6	144.7	109.4
1963 2/	73.3	147.7	108.3

1/ Average number on farms during year, excluding heifers not yet fresh.

2/ Preliminary.

Computed from data published in Milk Production, Disposition, and Income (SRS).

MILK PRICES AND SUPPORT LEVEL



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2917-64 (6) ECONOMIC RESEARCH SERVICE

Figure 47

Milk prices and support level price per 100 pounds,
marketing year, 1955-64

Year	Support level effective April 1	Milk eligible for fluid market ^{1/}	Manufacturing milk ^{1/}	All wholesale milk ^{1/}
	Dol.	Dol.	Dol.	Dol.
1955	3.15	4.53	3.19	4.05
1956	^{2/} 3.25	4.72	3.29	4.21
1957	3.25	4.77	3.28	4.24
1958	3.06	4.64	3.16	4.13
1959	3.06	4.70	3.21	4.21
1960	^{3/} 3.23	4.70	3.30	4.23
1961	3.40	4.65	3.38	4.23
1962	3.11	4.51	3.19	4.08
1963	3.14	4.56	3.24	4.13
1964 ^{4/}	3.15			

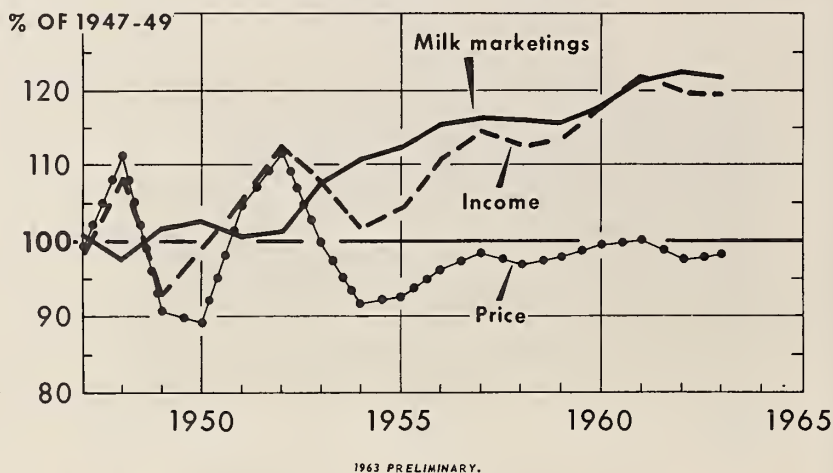
^{1/} Simple average.

^{2/} Increase effective April 18, 1956.

^{3/} Simple average, \$3.06 effective until September 16, 1960; \$3.22 effective until March 9, 1961; \$3.40 effective March 10, 1961.

^{4/} Preliminary.

MILK MARKETINGS, PRICE, AND INCOME



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2913-64 (6) ECONOMIC RESEARCH SERVICE

Figure 48

Income, prices, and marketings of milk, 1947-63

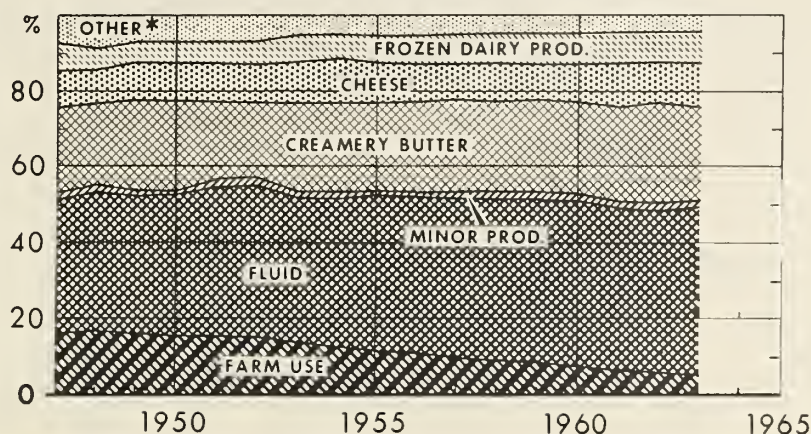
(1947-49=100)

Year	Marketings of milk	Price per cwt.	Income
1947	100.8	98.1	99.1
1948	97.5	111.0	108.4
1949	101.7	90.7	92.5
1950	102.6	89.3	91.8
1951	100.2	104.8	105.0
1952	101.1	111.4	112.8
1953	107.8	99.8	107.8
1954	110.5	91.9	101.6
1955	112.1	92.6	104.1
1956	115.2	96.0	110.8
1957	116.2	98.1	114.3
1958	116.0	96.9	112.5
1959	115.9	97.9	113.7
1960	117.8	99.5	117.4
1961	121.1	100.0	121.4
1962	122.5	97.6	119.9
1963 ^{1/}	121.9	98.1	119.7

^{1/} Preliminary.

Computed from data published in Milk Production, Disposition, and Income (SRS).

MAJOR USES OF U. S. MILK PRODUCTION



* DRY WHOLE, CONDENSED, AND EVAPORATED MILK.

1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2916-64 (6) ECONOMIC RESEARCH SERVICE

Figure 49

Major uses of United States milk production, 1947-63

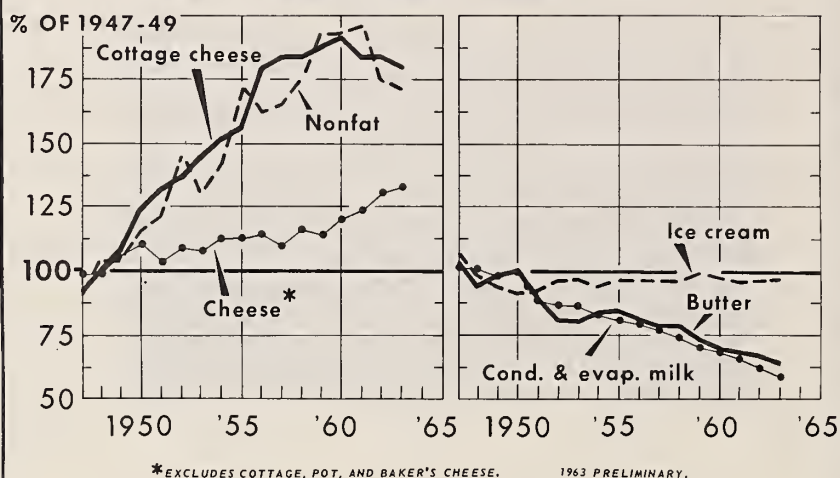
Year	Farm use 1/	Creamery butter (net)	Cheese	Dry whole and canned milk	Frozen dairy products	Fluid uses	Minor products	Total
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1947	16.0	22.5	10.0	7.7	6.4	35.5	1.9	100.0
1948	17.0	21.3	9.6	8.3	5.9	36.5	1.4	100.0
1949	15.9	24.2	10.2	6.6	5.8	36.1	1.2	100.0
1950	15.6	23.7	10.1	6.7	5.9	36.7	1.3	100.0
1951	15.6	20.9	10.0	6.9	6.1	38.5	2.0	100.0
1952	14.8	20.5	10.1	6.6	6.6	39.5	1.9	100.0
1953	13.4	23.2	11.1	5.8	6.5	38.3	1.7	100.0
1954	12.6	23.5	11.2	5.6	6.3	39.0	1.8	100.0
1955	11.9	22.8	11.0	5.8	6.6	40.4	1.5	100.0
1956	10.9	23.0	11.0	5.8	6.8	41.1	1.4	100.0
1957	9.9	23.2	10.8	5.6	6.9	42.0	1.6	100.0
1958	9.0	24.1	10.4	5.1	7.1	42.5	1.8	100.0
1959	8.2	23.5	10.3	5.2	7.7	43.2	1.9	100.0
1960	7.5	23.9	10.9	5.0	7.7	43.3	1.7	100.0
1961	6.7	25.3	11.8	4.8	7.6	42.0	1.8	100.0
1962	6.1	26.2	11.4	4.4	7.7	42.5	1.7	100.0
1963 2/	5.6	24.6	11.9	4.5	8.0	43.9	1.5	100.0

1/ Fed to calves and consumed on farms where produced.

2/ Preliminary.

Computed from data published in Milk Production, Disposition, and Income (SRS).

CONSUMPTION PER PERSON OF SELECTED DAIRY PRODUCTS



*EXCLUDES COTTAGE, POT, AND BAKER'S CHEESE.

1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2915-64 (7) ECONOMIC RESEARCH SERVICE

Figure 50

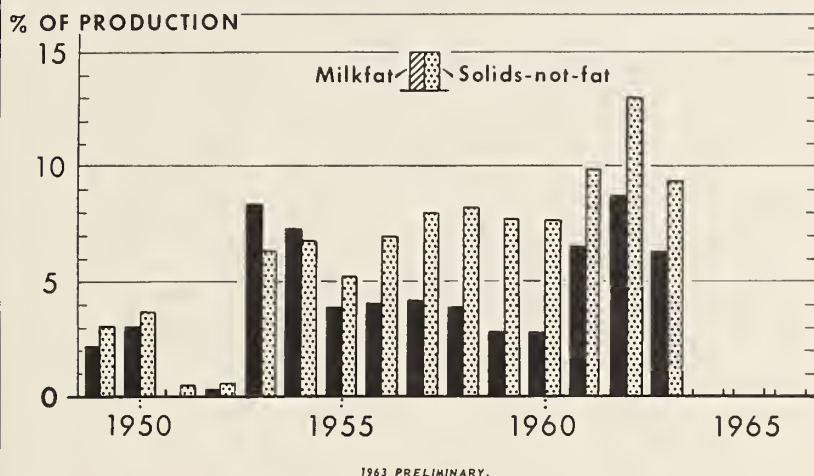
Dairy products: Per capita consumption,
48 States, 1947-63

Index numbers (1947-49=100)							
Year	Butter	Cheese	Condensed and evaporated milk	Ice cream	Nonfat dry milk	Cottage cheese	Fluid products
1947	105.7	98.6	101.5	107.5	90.6	92.0	102.8
1948	94.3	98.6	100.5	98.9	103.1	100.0	98.9
1949	99.1	104.3	98.5	94.1	103.1	108.0	98.1
1950	100.9	110.0	100.0	92.0	115.6	124.0	97.2
1951	90.6	102.9	90.5	93.0	131.2	132.0	98.1
1952	81.1	108.6	87.6	95.7	143.8	136.0	98.1
1953	80.2	107.1	86.6	96.3	131.2	144.0	96.7
1954	84.0	112.9	83.6	93.0	140.6	152.0	96.9
1955	84.9	112.9	80.6	96.3	171.9	156.0	96.9
1956	82.1	114.3	79.1	96.3	162.5	180.0	96.9
1957	78.3	110.0	76.6	96.3	165.6	184.0	95.5
1958	78.3	115.7	73.6	95.2	175.0	184.0	93.3
1959	74.5	114.3	71.1	100.0	193.8	188.0	91.4
1960	70.8	120.0	68.7	97.9	193.8	192.0	89.7
1961	69.8	122.9	66.2	96.3	196.9	184.0	86.6
1962	67.9	130.0	62.2	95.7	175.0	184.0	86.1
1963 1/	64.2	132.9	58.2	96.3	171.9	180.0	86.0

1/ Preliminary.

Data published in the Dairy Situation (ERS).

SUPPORT PURCHASES OF MILK SOLIDS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2914-64 (6) ECONOMIC RESEARCH SERVICE

Figure 51

USDA dairy price support purchases, milk solids basis, 1949-63

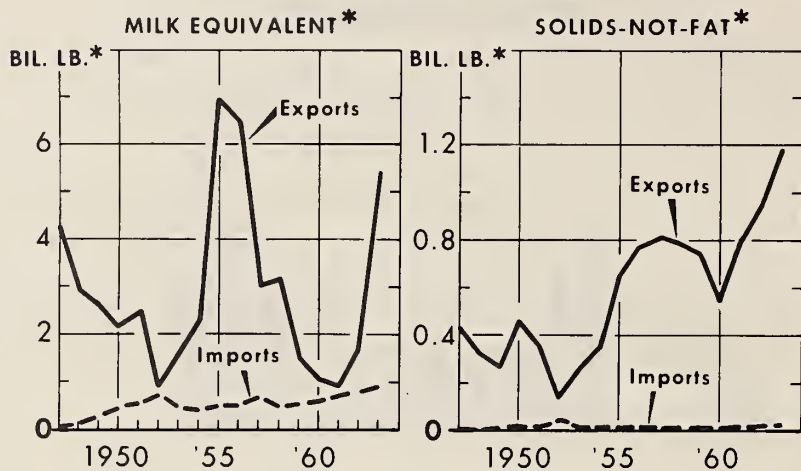
Year	Milkfat	Solids-not-fat	As a percentage of production	
			Milkfat	Solids-not-fat
	Mil. lb.	Mil. lb.	Pct.	Pct.
1949	102.5	321.1	2.2	3.1
1950	140.5	378.1	3.0	3.7
1951	.9	64.4	1/	.6
1952	14.3	60.3	.3	.6
1953	392.2	670.6	8.4	6.4
1954	350.7	710.0	7.4	6.7
1955	182.8	561.9	3.9	5.3
1956	198.2	754.5	4.2	7.0
1957	223.2	867.9	4.7	8.0
1958	180.0	876.6	3.9	8.2
1959	123.8	815.6	2.7	7.7
1960	123.1	819.8	2.7	7.7
1961	305.1	1,075.3	6.5	9.9
1962	403.2	1,391.3	8.6	12.8
1963 2/	291.3	1,015.4	6.3	9.4

1/ Less than 0.05 percent.

2/ Preliminary.

Data published in the Dairy Situation (ERS).

DAIRY IMPORTS AND EXPORTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2911-64 (6) ECONOMIC RESEARCH SERVICE

Figure 52

Dairy imports and exports: Milk equivalent and solids-not-fat basis, 1947-63

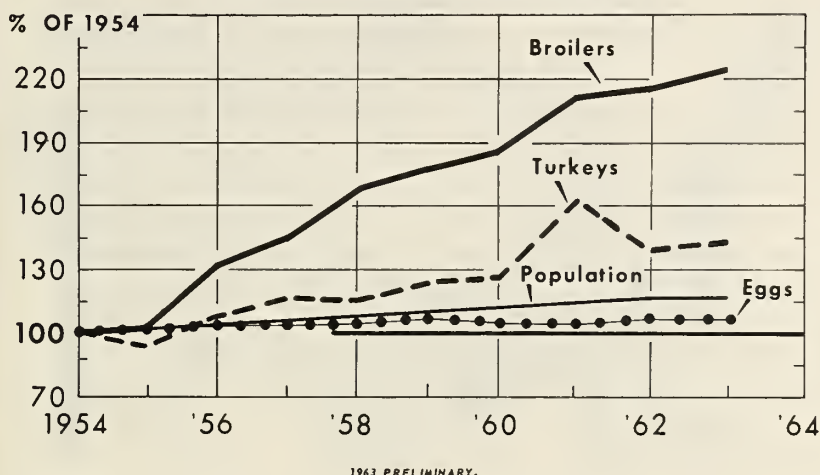
Year	Milk equivalent		Solids-not-fat	
	Imports	Exports 1/	Imports	Exports 1/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1947	151	4,397	3	436
1948	195	2,997	12	320
1949	272	2,682	15	262
1950	459	2,207	20	443
1951	525	2,473	24	358
1952	709	912	55	140
1953	525	1,625	21	265
1954	441	2,303	16	342
1955	458	6,961	17	654
1956	514	6,520	17	783
1957	661	3,044	17	817
1958	507	3,154	18	791
1959	578	1,491	21	741
1960	604	1,618	20	536
1961	760	962	25	803
1962	796	1,718	24	934
1963 2/	913	5,409	27	1,192

1/ Includes shipments.

2/ Preliminary.

Based on data published in the Dairy Situation (ERS).

POULTRY AND EGG PRODUCTION AND POPULATION



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1992-64 (6) ECONOMIC RESEARCH SERVICE

Figure 53

Poultry production and population eating from
civilian supplies, 1954-63

Year	Production						Population eating from civilian food supplies	
	Broilers		Turkeys		Eggs		Number	As a percent- age of 1954
	Quantity:	As a percent- age of 1954	Quantity:	As a percent- age of 1954	Number	As a percent- age of 1954		
	Million pounds	Percent	Million pounds	Percent	Millions	Percent	Millions	Percent
1954	3,236	100	1,161	100	58,933	100	159.1	100
1955	3,350	104	1,090	94	59,526	101	162.3	102
1956	4,270	132	1,259	108	61,113	104	165.4	104
1957	4,683	145	1,360	117	61,026	104	168.4	106
1958	5,431	168	1,348	116	61,607	105	171.5	108
1959	5,763	178	1,440	124	63,335	107	174.5	110
1960	6,017	186	1,471	127	61,491	104	177.4	112
1961 1/	6,841	211	1,882	162	62,080	105	181.2	114
1962 1/	6,917	214	1,630	140	63,144	107	183.8	116
1963 1/	7,287	225	1,676	144	63,210	107	186.6	117

1/ Includes data for Alaska and Hawaii.

COMMERCIAL POULTRY FARMS, 1959

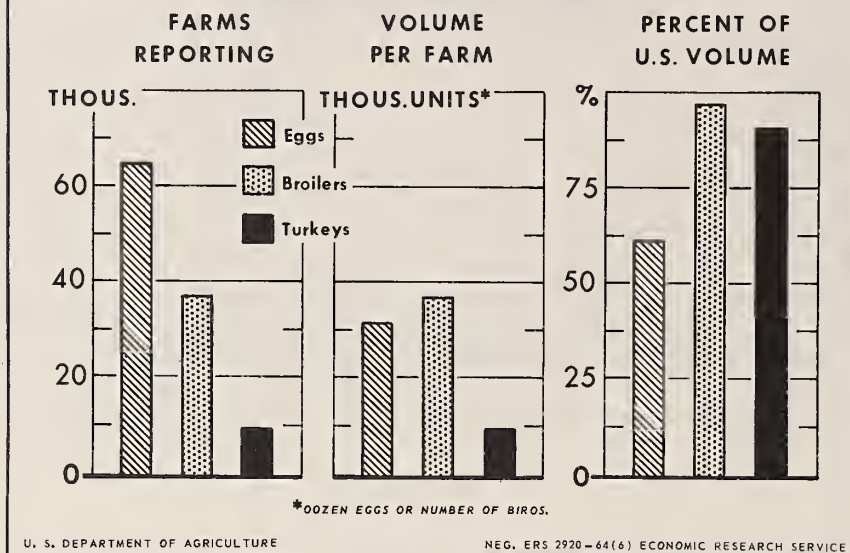


Figure 54

Total and commercial farms producing poultry and eggs, 1959 ^{1/}

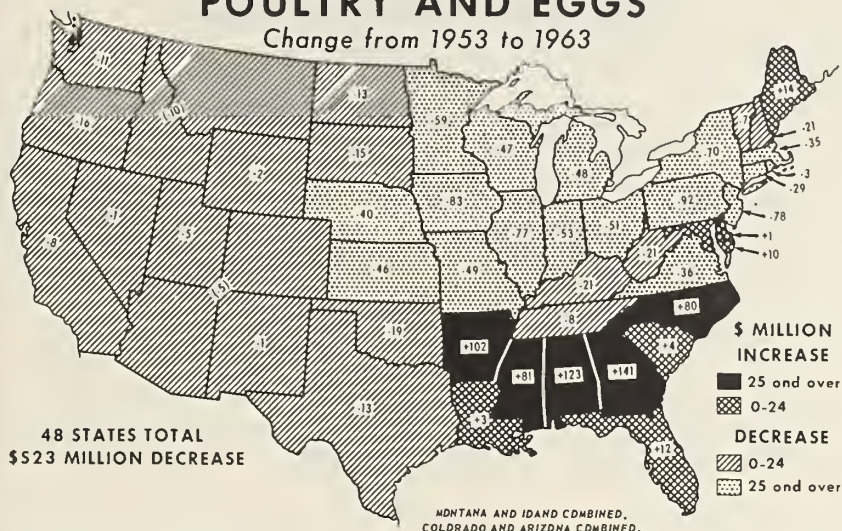
Item	Unit	Eggs sold	Broilers sold	Turkeys raised
All farms: ^{2/}				
Number reporting	Thousands	1,068	41.7	86.8
Volume reported	Thousand units ^{4/}	3,330,265	1,414,259	82,521
Volume per farm	Units ^{4/}	3,119	33,880	950
Commercial poultry farms: ^{3/}				
Number reporting	Thousands	64.6	37.4	8.83
Volume reported:				
Total	Thousand units ^{4/}	2,040,184	1,374,710	74,498
As a percentage of volume for all farms	Percent	61	97	90
Volume per farm	Units ^{4/}	31,598	36,778	8,436

^{1/} Data for all farms based on complete enumeration; for commercial farms on a sample of approximately one-fifth of all farms. ^{2/} Places less than 10 acres if estimated sales of agricultural products for the year amounted to at least \$250. Places of 10 or more acres if estimated sales of agricultural products for the year amounted to at least \$50. Places having less than the \$50 or \$250 minimum estimated sales in 1959 were counted as farms if they could normally be expected to produce agricultural products in sufficient quantity to meet the requirements. ^{3/} Commercial farms were all farms with value of sales amounting to \$2,500 or more. However, farms with value of sales of \$50 to \$2,499 were also classified as commercial if the farm operator was under 65 years of age and (1) if he did not work off the farm 100 or more days during the year, and (2) if income received by the operator and members of his family from non-farm sources was less than the value of all farm products. Commercial farms were further classified as commercial poultry farms if sales of chickens, chicken eggs and other poultry and poultry products accounted for 50 percent or more of total sales. ^{4/} Dozen eggs or number of birds.

1959 Census of Agriculture, Department of Commerce, Bureau of the Census.

GROSS FARM INCOME FROM POULTRY AND EGGS

Change from 1953 to 1963



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2909-64 (6) ECONOMIC RESEARCH SERVICE

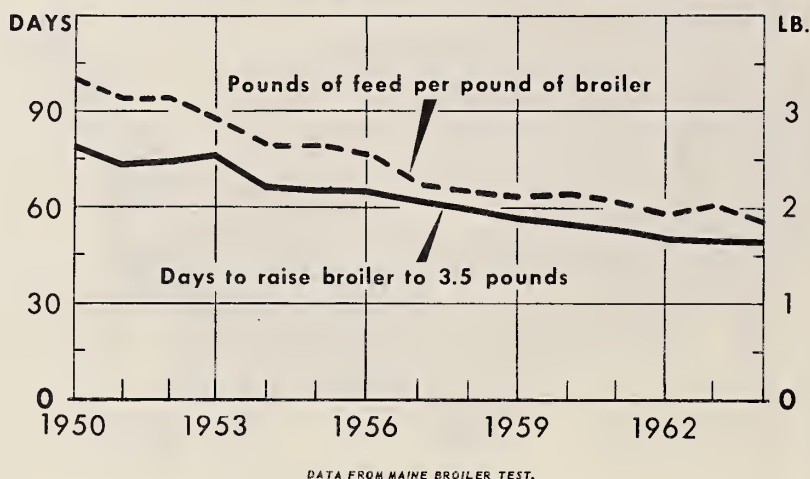
Figure 55

Gross income from poultry and eggs, 1963, and change from 1953, by States and regions

State and region	1963		State and region	1963		State and region	1963	
	Re-ported	Change from 1953		Re-ported	Change from 1953		Re-ported	Change from 1953
	Mil. dol.	Mil. dol.		Mil. dol.	Mil. dol.		Mil. dol.	Mil. dol.
Maine	81	14	Mo.	75	-49	Miss.	137	81
N. H.	17	-21	N. D.	12	-13	Ark.	190	102
Vt.	6	-7	S. D.	34	-15	La.	32	3
Mass.	32	-35	Nebr.	36	-40	Okla.	25	-19
R. I.	4	-3	Kans.	26	-46	Texas	161	-13
Conn.	40	-29	W. N. C.	438	-305	S. C.	811	248
N. Y.	67	-70						
N. J.	64	-78	Del.	69	1	Mont. 1/	18	-10
Pa.	132	-92	Md.	88	10	Idaho 1/		
N. A.	450	-322	Va.	78	-36	Wyo.	2	-2
			W. Va.	25	-21	Colo. 2/	24	-5
Ohio	90	-51	N. C.	196	80	N. Mex.	5	-1
Ind.	89	-53	S. C.	48	4	Ariz. 2/		
Ill.	58	-77	Ga.	291	141	Utah	24	-5
Mich.	44	-48	Fla.	47	12	Nev.	3/	-1
Wis.	73	-47	S. A.	843	191	Wash.	43	-11
E. N. C.	353	-276				Oreg.	30	-16
			Ky.	37	-21	Calif.	303	-8
Minn.	128	-59	Tenn.	48	-8	West.	450	-59
Iowa	126	-83	Ala.	182	123			
						48 States:	3,345	-523

1/ Montana and Idaho combined to avoid disclosing individual operations. 2/ Colorado and Arizona combined to avoid disclosing individual operations. 3/ Less than 500,000.

EFFICIENCY GAINS IN BROILER PRODUCTION



U. S. DEPARTMENT OF AGRICULTURE

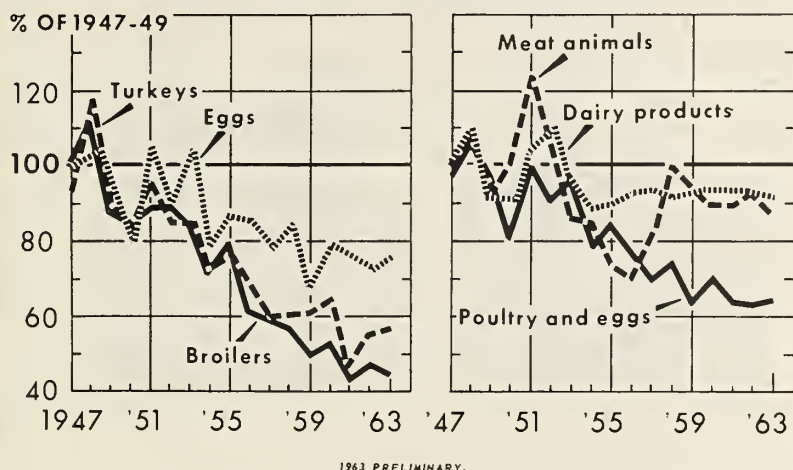
NEG. ERS 2908-64 (6) ECONOMIC RESEARCH SERVICE

Figure 56

Gains in broiler efficiency, Maine Broiler
Test, 1947-64

Year	Days to raise broiler to 3.5 pounds	Feed per pound of liveweight broiler	Year	Days to raise broiler to 3.5 pounds	Feed per pound of liveweight broiler
	Number	Pounds		Number	Pounds
1947	89	---	1956	65	2.57
1948	84	---	1957	62	2.25
1949	81	---	1958	60	2.18
1950	79	3.33	1959	56	2.12
1951	73	3.12	1960	55	2.14
1952	74	3.13	1961	53	2.07
1953	76	2.94	1962	50	1.92
1954	67	2.66	1963	50	2.00
1955	65	2.66	1964	49	1.87

PRICES OF POULTRY, EGGS, AND ANIMAL PRODUCTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1003A-64 (6) ECONOMIC RESEARCH SERVICE

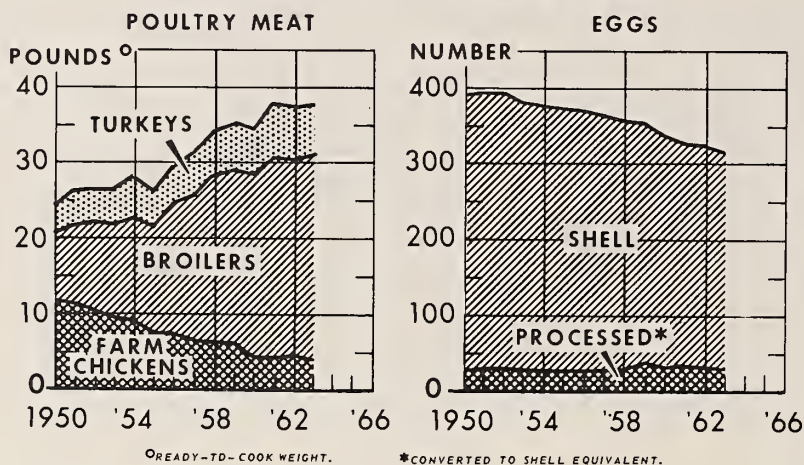
Figure 57

Prices received by farmers for poultry and eggs compared with
related commodity groups, 1947-63

Year	Reported prices			Index numbers (1947-49=100)					
	Broilers: per pound	Turkeys: per pound	Eggs: per dozen	Individual commodities			Commodity groups		
				Broil- ers	Tur- keys	Eggs	Poultry: and eggs	Meat animals	Dairy products
	Cents	Cents	Cents						
1947	32.3	36.5	45.3	100.4	92.4	98.7	97	99	99
1948	36.0	46.8	47.2	111.9	118.5	102.8	106	108	109
1949	28.2	35.2	45.2	87.7	89.1	98.5	97	93	92
1947-49 av.	32.2	39.5	45.9	100.0	100.0	100.0	100	100	100
1950	27.4	32.9	36.3	85.1	83.3	79.1	81	102	91
1951	28.5	37.5	47.7	88.5	94.9	103.9	100	123	104
1952	28.8	33.6	41.6	89.4	85.1	90.6	90	106	110
1953	27.1	33.7	47.7	84.2	85.3	103.9	97	86	97
1954	23.1	28.8	36.6	71.7	72.9	79.7	78	85	89
1955	25.2	30.2	39.5	78.3	76.5	86.1	84	74	90
1956	19.6	27.2	39.3	60.9	68.9	85.6	77	70	93
1957	18.9	23.4	35.9	58.7	59.2	78.2	70	82	94
1958	18.5	23.9	38.5	57.5	60.5	83.9	74	100	92
1959	16.1	23.9	31.4	50.0	60.5	68.4	63	94	93
1960	16.9	25.4	36.0	52.5	64.3	78.4	70	89	94
1961	13.9	18.9	35.4	43.2	47.8	77.1	64	90	94
1962	15.2	21.6	33.6	47.2	54.7	73.2	63	93	92
1963 1/	14.5	22.3	34.4	45.0	56.5	74.9	64	87	92

1/ Preliminary.

PER CAPITA CONSUMPTION OF POULTRY AND EGGS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1282X-64(6) ECONOMIC RESEARCH SERVICE

Figure 58

Per capita consumption of poultry meat and eggs,
48 States, 1950-63

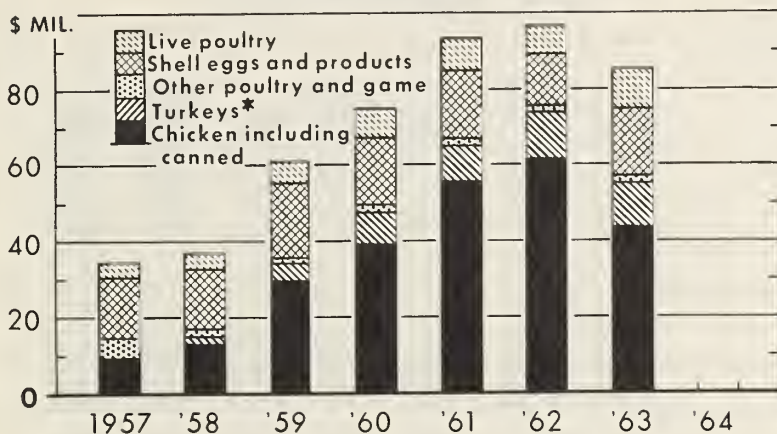
Year	Chickens			Turkeys	Total poultry	Eggs		
	Farm chickens 1/	Broilers	Total			Shell 1/	Processed 2/	Total
	Pounds	Pounds	Pounds	Pounds	Pounds	Number	Number	Number
1950	11.9	8.7	20.6	4.1	24.7	364	25	389
1951	11.3	10.4	21.7	4.4	26.1	365	28	393
1952	10.4	11.7	22.1	4.7	26.8	362	28	390
1953	9.6	12.3	21.9	4.8	26.7	354	25	379
1954	9.1	13.7	22.8	5.3	28.1	351	25	376
1955	7.5	13.8	21.3	5.0	26.3	346	25	371
1956	7.1	17.3	24.4	5.2	29.6	345	24	369
1957	6.4	19.1	25.5	5.9	31.4	335	27	362
1958	6.2	22.0	28.1	5.9	34.0	328	26	354
1959	6.1	22.8	28.9	6.3	35.2	319	33	352
1960	4.7	23.5	28.2	6.2	34.4	305	29	334
1961	4.4	25.9	30.3	7.5	37.8	295	31	326
1962	4.5	25.6	30.1	7.1	37.2	293	30	323
1963	3.9	27.0	30.9	6.8	37.7	288	27	315

1/ Includes an allowance for consumption of output from backyard flocks.

2/ Shell equivalent of processed eggs.

Data published currently in the Poultry and Egg Situation (ERS).

EXPORTS OF EGGS AND POULTRY PRODUCTS



* NOT SHOWN SEPARATELY PRIOR TO 1958.

1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2369 FOREIGN AGRICULTURAL SERVICE

Figure 59

Value of U. S. exports of egg and poultry products, 1957-63

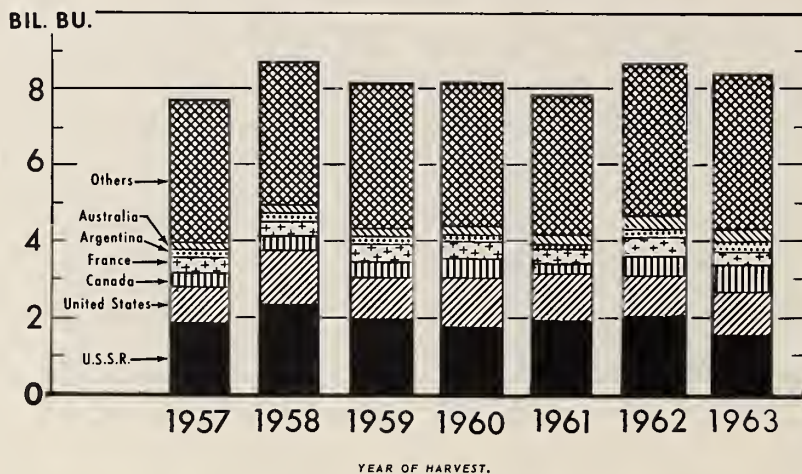
Item	1957	1958	1959	1960	1961	1962	1963 1/
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Total chicken, including canned	9.8	12.9	29.7	39.3	55.6	61.5	43.7
Turkeys	2/	2.0	4.3	8.2	9.6	12.5	11.4
Other poultry and game	4.4	2.1	1.9	2.2	2.1	1.8	1.8
Total	14.2	17.0	35.9	49.7	67.3	75.8	56.9
Live poultry	4.6	4.7	5.5	7.5	8.7	7.2	11.1
Shell eggs and egg products	15.9	16.1	19.3	18.2	17.8	13.3	17.6
Grand total:	34.7	37.8	60.7	75.4	93.8	96.3	85.6

1/ Preliminary.

2/ Not shown separately prior to 1958.

Data compiled from reports of the Department of Commerce, Bureau of Census.

WHEAT: WORLD PRODUCTION, BY COUNTRIES



U. S. DEPARTMENT OF AGRICULTURE

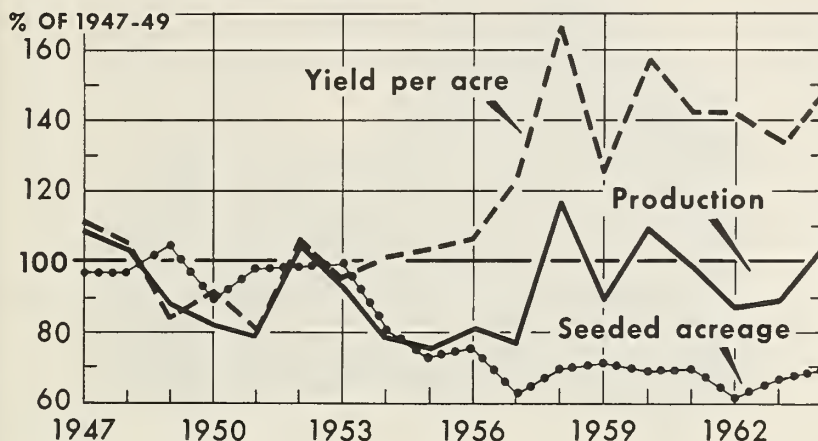
NEG. FAS 2342 FOREIGN AGRICULTURAL SERVICE

Figure 60

Wheat: World production 1957-63

Country	1957	1958	1959	1960	1961	1962	1963
	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>
U.S.S.R.	1,800	2,300	1,900	1,700	1,900	2,000	1,500
United States	956	1,457	1,121	1,357	1,235	1,094	1,138
Canada	393	398	445	518	283	566	723
France	407	353	425	405	352	509	352
Argentina	214	245	215	150	190	190	260
Australia	98	215	198	274	246	307	334
Others	3,802	3,742	3,871	3,781	3,674	4,069	3,963
Total	7,670	8,710	8,175	8,185	7,880	8,735	8,270

WHEAT ACREAGE, YIELD, AND PRODUCTION



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 66-64 (7) ECONOMIC RESEARCH SERVICE

Figure 61

Wheat: Seeded acreage, yield, and production,
United States, 1947-64

Year	Seeded acreage		Yield per seeded acre		Production	
	Actual	Index numbers 1947-49=100	Actual	Index numbers 1947-49=100	Actual	Index numbers 1947-49=100
	1,000 acres		Bushels		Million bushels	
1947	78,314	98	17.4	111	1,358.9	109
1948	78,345	98	16.5	105	1,294.9	104
1949	83,905	105	13.1	84	1,098.4	88
1950	71,287	89	14.3	91	1,019.3	81
1951	78,524	98	12.6	80	988.2	79
1952	78,645	98	16.6	106	1,306.4	104
1953	78,931	98	14.9	95	1,173.1	94
1954	62,539	80	15.7	100	983.9	79
1955	58,246	73	16.1	103	937.1	75
1956	60,655	76	16.6	106	1,005.4	80
1957	49,843	62	19.2	123	955.7	76
1958	56,017	70	26.0	166	1,457.4	117
1959	56,772	71	19.7	126	1,121.1	90
1960	54,919	68	24.7	158	1,357.3	109
1961	55,664	69	22.2	142	1,234.7	99
1962	49,132	61	22.3	142	1,093.7	87
1963 ^{1/}	53,051	66	21.4	137	1,137.6	91
1964 ^{2/}	55,370	69	23.0	147	1,275.3	102

^{1/} Preliminary.

^{2/} July 1 estimates.

Compiled from reports of the Statistical Reporting Service.

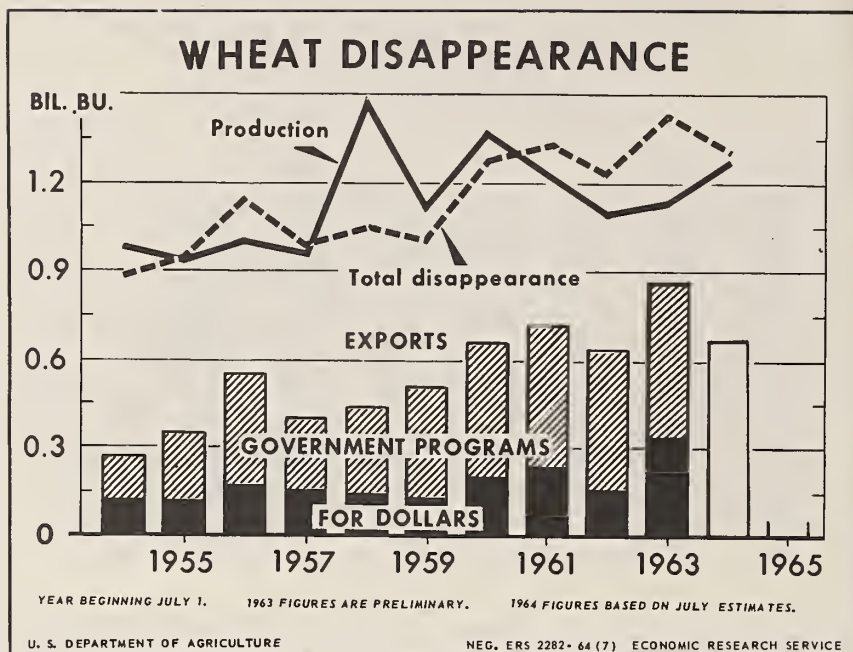


Figure 62

Wheat: Supply and disappearance, United States, 1952-64

Year begin- ning July	Supply				Disappearance				
	Carry- over	Produc- tion	Imports 1/	Total	Total domestic 2/	Exports 1/			
						For dollars 3/	Govern- ment programs 4/	Total:	Total
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
1952	256.0	1,306.4	21.6	1,584.0	660.7	288.2	29.6	317.8	978.5
1953	605.5	1,173.1	5.5	1,784.1	633.6	116.5	100.5	217.0	850.6
1954	933.5	983.9	4.2	1,921.6	611.0	116.4	158.0	274.4	885.4
1955	1,036.2	937.1	9.9	1,983.2	603.4	105.6	240.7	346.3	949.7
1956	1,033.5	1,005.4	7.8	2,046.7	588.4	174.4	375.1	549.5	1,137.9
1957	908.8	955.7	10.9	1,875.4	591.1	156.1	246.8	402.9	994.0
1958	881.4	1,457.4	7.8	2,346.6	608.2	140.3	303.0	443.3	1,051.5
1959	1,295.1	1,121.1	7.4	2,423.6	599.9	135.6	374.6	510.2	1,110.1
1960	1,313.5	1,357.3	8.2	2,679.0	605.9	204.2	457.7	661.9	1,267.8
1961	1,411.2	1,234.7	5.9	2,651.8	610.0	228.8	491.1	719.9	1,329.9
1962	1,321.9	1,093.7	5.5	2,421.1	583.9	161.3	481.0	642.3	1,226.2
1963 5/	1,195.0	1,138.0	5.0	2,338.0	578.0	340.0	520.0	860.0	1,438.0
1964 6/	900.0	1,275.0	5.0	2,180.0	635.0	---	---	675.0	1,310.0

1/ Includes flour and other products in wheat equivalent.

2/ Includes shipments to U. S. territories and military food use at home and abroad.

3/ Exports made under commercial terms.

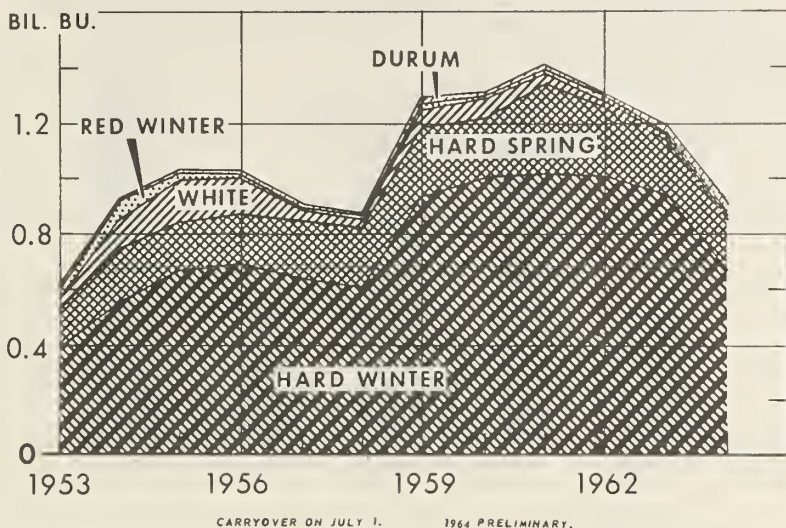
4/ Public Law 480 and other exports financed by the Government.

5/ Preliminary.

6/ Tentative estimates, based on July data.

Data published currently in the Wheat Situation, ERS.

CARRYOVER OF WHEAT BY CLASS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2054-64 (7) ECONOMIC RESEARCH SERVICE

Figure 63

Wheat: Carryover by class, United States, July 1, 1953-64

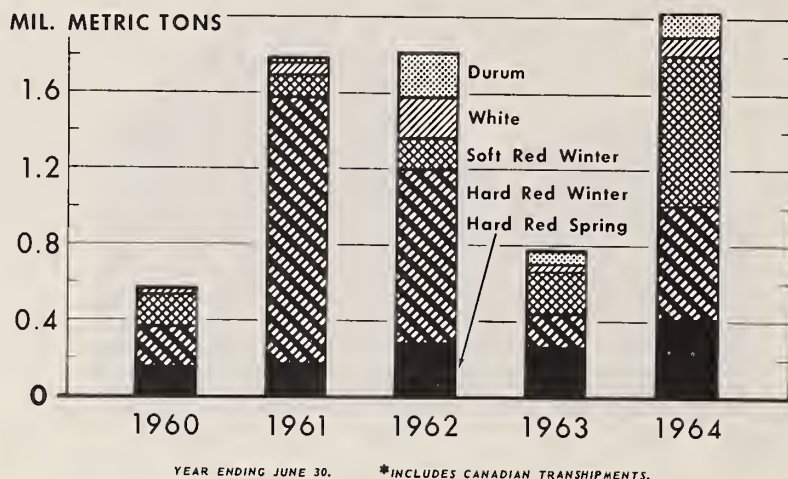
Year	Hard red winter	Hard red spring	White	Soft red winter	Durum	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1953	395	128	38	38	7	606
1954	560	195	104	70	5	934
1955	677	172	135	50	2	1,036
1956	691	185	133	17	7	1,033
1957	648	196	42	10	13	909
1958	611	203	34	6	27	881
1959	936	251	65	21	22	1,295
1960	1,002	218	66	10	18	1,314
1961	1,104	237	38	12	20	1,411
1962	1,085	187	21	24	5	1,322
1963 1/	936	195	13	5	46	1,195
1964 1/	668	182	6	4	40	900

1/ Preliminary.

NOTE: Stocks by classes are not based on survey or enumeration data and are therefore only approximations. Through 1954, estimated stocks on farms were assumed to be present in about the same proportion as produced. Through 1954, commercial stocks also were reported by classes, and merchant mill stocks were broken down largely on the basis of the distribution by classes of commercial stocks, after making allowances for quantities going for export. CCC inventories by classes became available beginning 1955; since that time, total stocks have been broken down, by classes, largely on the basis of CCC holdings.

Published currently in the Wheat Situation, ERS.

WHEAT: U. S. INSPECTIONS FOR EXPORT TO COMMON MARKET*



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2344 FOREIGN AGRICULTURAL SERVICE

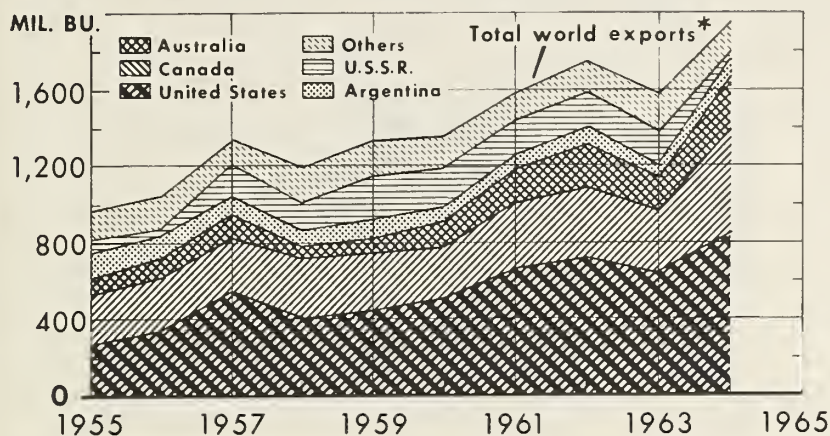
Figure 64

Wheat: U. S. Inspections for export by Class to Common Market Countries 1/

Class	1959-60	1960-61	1961-62	1962-63	1963-64
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
Hard Red Spring	162	177	298	242	433
Hard Red Winter	217	1,395	924	183	587
Soft Red Winter	198	123	170	230	774
White	7	63	208	36	99
Durum	---	31	222	82	146
Mixed	1	2	---	---	---
Total	585	1,791	1,822	773	2,039

1/ Includes inspections of transshipments through Canadian ports.

WHEAT AND FLOUR: WORLD EXPORTS BY COUNTRY



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2341 FOREIGN AGRICULTURAL SERVICE

Figure 65

WHEAT AND FLOUR 1/: World exports by country, 1955-64

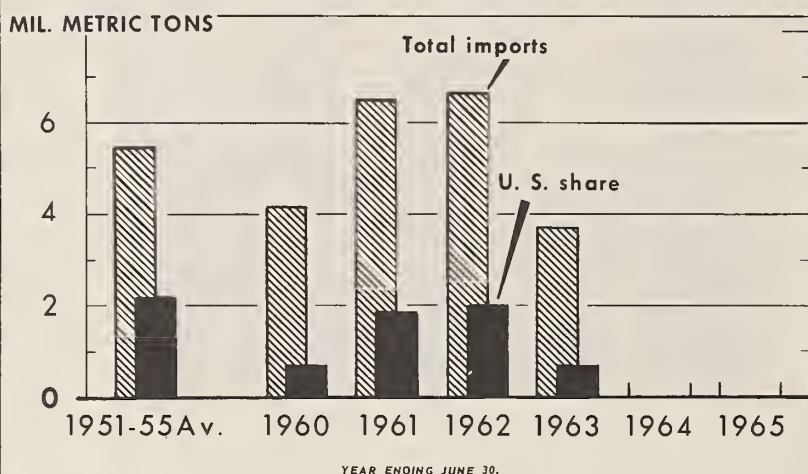
Year ending June 30	United States	Canada	Australia	Argentina	U.S.S.R.	Other	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1955	275	252	93	132	64	155	971
1956	345	289	102	115	37	152	1,040
1957	549	282	126	98	160	113	1,328
1958	402	317	61	78	144	188	1,190
1959	443	300	75	103	220	180	1,321
1960	510	279	116	78	203	165	1,351
1961	662	344	183	70	186	131	1,576
1962	718	365	230	86	186	164	1,749
1963 2/	638	331	182	66	177	185	1,579
1964 3/	850	550	260	100	30	160	1,950

1/ Includes wheat equivalent of flour.

2/ Preliminary.

3/ Partly estimated.

WHEAT AND FLOUR: U.S. SHARE AND TOTAL COMMON MARKET IMPORTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2343 FOREIGN AGRICULTURAL SERVICE

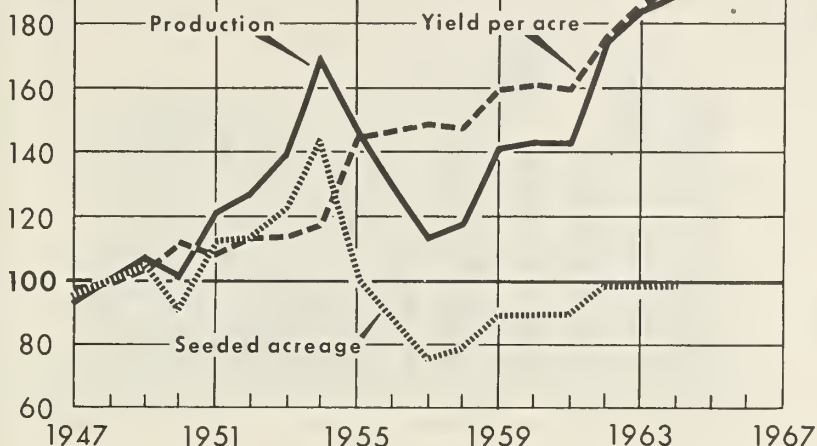
Figure 66

Wheat and flour: U.S. share and total imported
by the Common Market

Year ending June 30	Imported from U. S.	Other imports	Total imports
	1,000 metric tons	1,000 metric tons	1,000 metric tons
1951-55 Average	2,206.7	3,251.7	5,458.4
1960	646.2	3,511.5	4,157.7
1961	1,846.1	4,640.6	6,486.7
1962	1,991.4	4,657.1	6,648.5
1963	677.2	3,017.7	3,694.9

RICE ACREAGE, YIELD, AND PRODUCTION

% OF 1947-49



1964 BASED ON JULY INDICATIONS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 483A-64 (7) ECONOMIC RESEARCH SERVICE

Figure 67

Rice, rough: Seeded acreage, yield, and production,
United States, 1947-64

Year	Seeded acreage		Yield per seeded acre		Production	
	Actual	Index numbers 1947-49=100	Actual	Index numbers 1947-49=100	Actual	Index numbers 1947-49=100
	1,000 acres		Pounds		1,000 cwt.	
1947	1,721	95	2,048	97	35,253	92
1948	1,828	101	2,096	100	38,320	101
1949	1,885	104	2,164	103	40,787	107
1950	1,654	91	2,348	112	38,840	102
1951	2,033	112	2,269	108	46,122	121
1952	2,047	113	2,358	112	48,278	127
1953	2,210	122	2,395	114	52,924	139
1954	2,610	144	2,462	117	64,254	169
1955	1,851	102	3,024	144	55,969	147
1956	1,605	89	3,084	147	49,503	130
1957	1,372	76	3,131	149	42,954	113
1958	1,440	80	3,109	148	44,775	117
1959	1,608	89	3,338	159	53,669	141
1960	1,615	89	3,382	161	54,623	143
1961	1,619	89	3,349	159	54,221	142
1962	1,790	99	3,691	176	66,072	173
1963 1/	1,787	99	3,923	187	70,110	184
1964 2/	1,791	99	4,042	192	72,398	190

1/ Preliminary.

2/ July 1 estimates

Compiled from reports of the Statistical Reporting Service.

RICE SUPPLY AND DISTRIBUTION

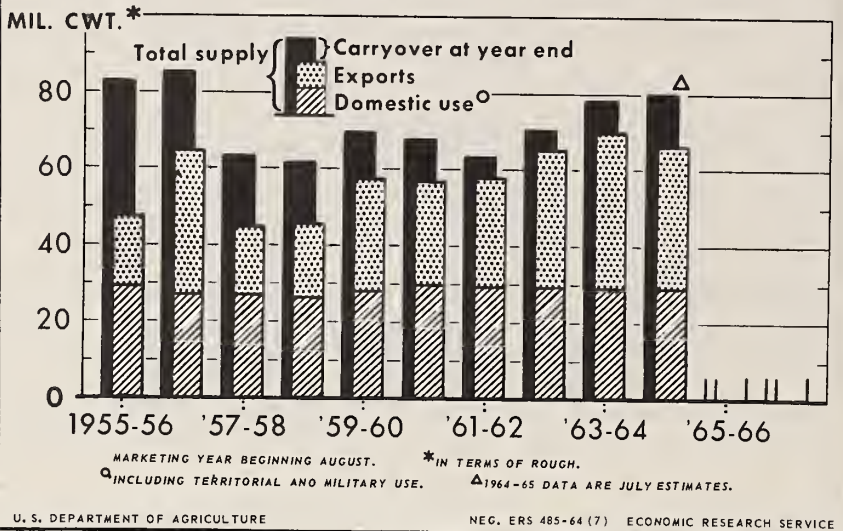


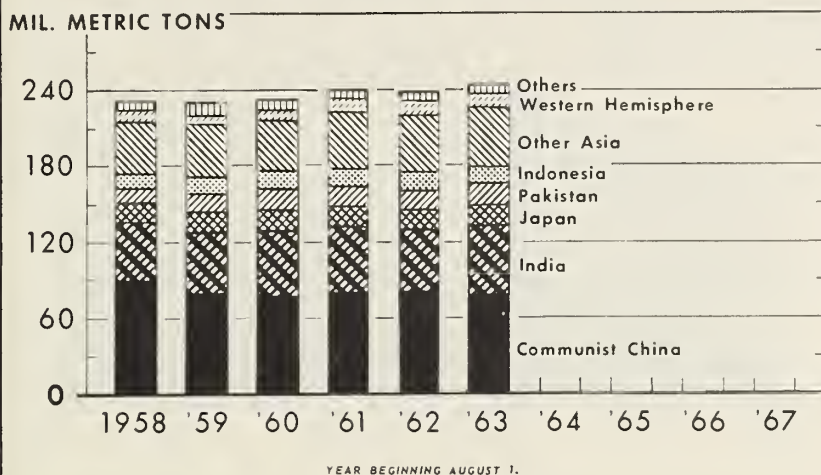
Figure 68

Rice, rough equivalent: Supply and disappearance,
United States, 1952-64 ^{1/}

Year begin- ning Aug. 1	Supply				Disappearance						
	Carry-over	Pro- duc- tion	Im- ports	Total	Domestic				Ex- ports	Total	Balanc- ing item
					Food 3/	Indus- try 4/	Seed	Total			
	2/										5/
	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.
1952	2.0	48.2	.4	50.6	17.7	4.6	2.6	24.9	25.1	50.0	- .9
1953	1.5	52.8	.4	54.7	17.3	4.6	3.1	25.0	22.7	47.7	- .5
1954	7.5	64.2	.1	71.8	18.7	5.6	2.2	26.5	14.3	40.8	+4.3
1955	26.7	55.9	.2	82.8	19.1	6.0	2.0	27.1	18.7	45.8	+2.4
1956	34.6	49.5	.4	84.5	19.2	5.1	1.7	26.0	37.6	63.6	+ .8
1957	20.1	42.9	.3	63.3	19.0	4.8	1.9	25.7	18.3	44.0	+1.1
1958	18.2	44.8	.2	63.2	18.8	4.7	2.1	25.6	19.8	45.4	+2.1
1959	15.7	53.6	.8	70.1	20.7	5.0	2.1	27.8	29.2	57.0	+1.0
1960	12.1	54.6	.3	67.0	19.9	4.9	2.1	26.9	29.5	56.4	+ .5
1961	10.1	54.2	.4	64.7	22.5	4.7	2.3	29.5	29.2	58.7	+ .7
1962	5.3	66.1	6/	71.4	21.7	4.1	2.3	28.1	35.6	63.7	---
1963 7/	7.7	70.1	.1	77.9	22.5	4.0	2.3	28.8	41.6	70.4	---
1964 8/	7.5	72.4	.1	80.0							

^{1/} Milled rice converted to rough basis at annual extraction rate. ^{2/} Data apply only to major rice producing States. Minor States account for only negligible production and data on them are generally incomplete. ^{3/} Includes shipments to territories and purchases for military food use. ^{4/} Primarily for beer production. ^{5/} Balancing item results from loss, waste, the variance in conversion factors, the lack of data on other uses such as feed, the different crop years applicable to the major rice areas, and errors and inconsistencies in data from the different reporting sources. ^{6/} Less than 50,000 cwt. ^{7/} Preliminary. ^{8/} Tentative estimates.

WORLD PRODUCTION OF ROUGH RICE



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2370 FOREIGN AGRICULTURAL SERVICE

Figure 69

Rice (rough): World production, 1958-63 ^{1/}

Country	1958	1959	1960	1961	1962	1963
	Million metric tons	Million metric tons	Million metric tons	Million metric tons	Million metric tons	Million metric tons
Communist China	90.0	80.2	77.5	80.0	80.6	77.3
India	46.6	47.2	51.3	52.3	47.9	54.8
Japan	15.0	15.6	16.1	15.5	16.3	16.0
Pakistan	12.0	14.4	16.1	16.1	15.0	17.4
Indonesia	11.8	12.3	13.5	12.4	13.8	12.7
Other Asia	41.0	42.2	40.2	45.0	44.9	46.9
Western Hemisphere	8.6	8.0	8.5	10.7	11.8	11.3
Others	6.2	9.1	9.0	6.7	7.6	7.4
Total	231.2	229.0	232.2	238.7	237.9	243.8

^{1/} Year beginning Aug. 1

RICE, MILLED: WORLD EXPORTS BY COUNTRIES

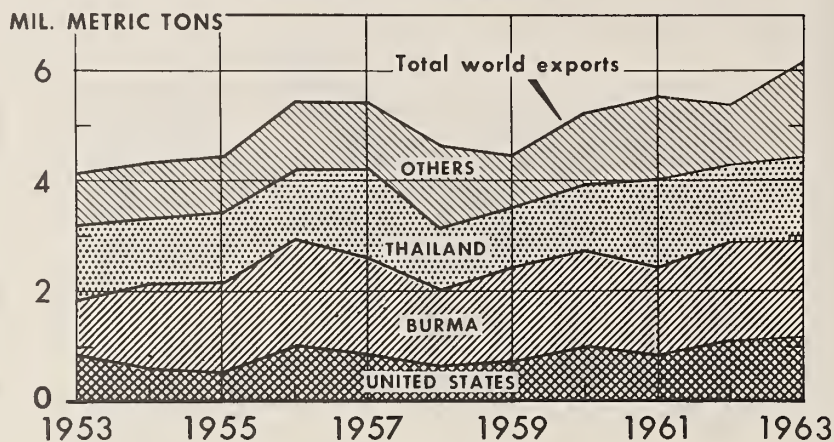


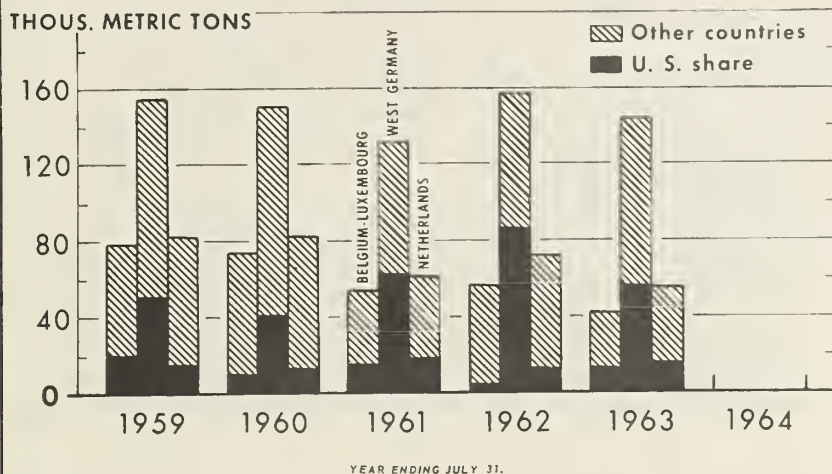
Figure 70

Rice: milled: World 1/ exports by countries, 1953-63

Year	United States	Burma	Thailand	Others	Total
	Million metric tons	Million metric tons	Million metric tons	Million metric tons	Million metric tons
1953	0.8	1.0	1.4	0.9	4.1
1954	0.6	1.5	1.2	1.0	4.3
1955	0.5	1.6	1.3	1.0	4.4
1956	1.0	1.9	1.3	1.2	5.4
1957	0.8	1.8	1.6	1.2	5.4
1958	0.6	1.4	1.1	1.5	4.6
1959	0.7	1.7	1.1	0.9	4.4
1960	1.0	1.7	1.2	1.3	5.2
1961	0.8	1.6	1.6	1.6	5.6
1962	1.1	1.7	1.3	1.2	5.3
1963	1.2	1.7	1.4	1.8	6.1

1/ Excluding Communist countries.

RICE, MILLED: U.S. SHARE OF IMPORTS BY DEFICIT EEC COUNTRIES



U. S. DEPARTMENT OF AGRICULTURE

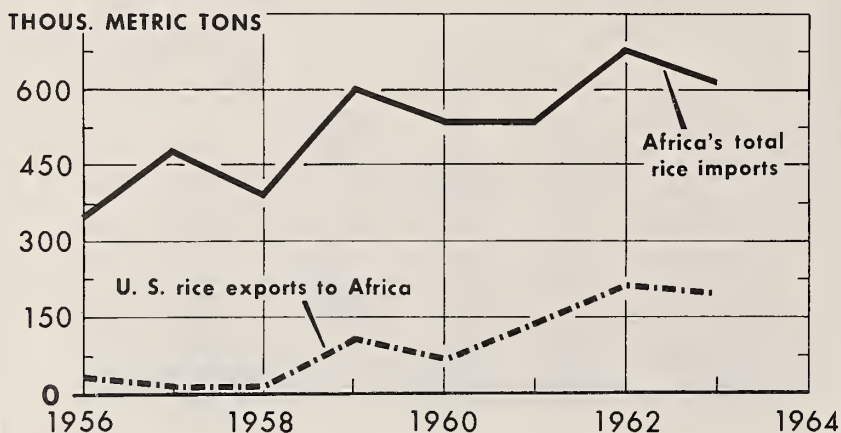
NEG. FAS 2348 FOREIGN AGRICULTURAL SERVICE

Figure 71

Rice, milled: U. S. share of imports
by deficit E.E.C. countries

Country	1959	1960	1961	1962	1963
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
Belgium-Luxembourg:					
From United States	20.0	9.5	15.4	5.2	13.0
Total	78.2	74.9	54.0	56.1	41.6
West Germany:					
From United States	50.6	39.7	62.0	86.5	56.0
Total	155.1	151.4	131.7	157.6	144.5
Netherlands:					
From United States	15.3	12.8	17.8	12.9	15.2
Total	81.2	81.1	60.9	72.2	55.1
Total E.E.C.					
From United States	85.9	62.0	95.2	104.6	84.2
Total	314.5	307.4	246.6	285.9	241.2

RICE, MILLED: AFRICA'S IMPORTS AND U.S. EXPORTS TO AFRICA



U. S. DEPARTMENT OF AGRICULTURE

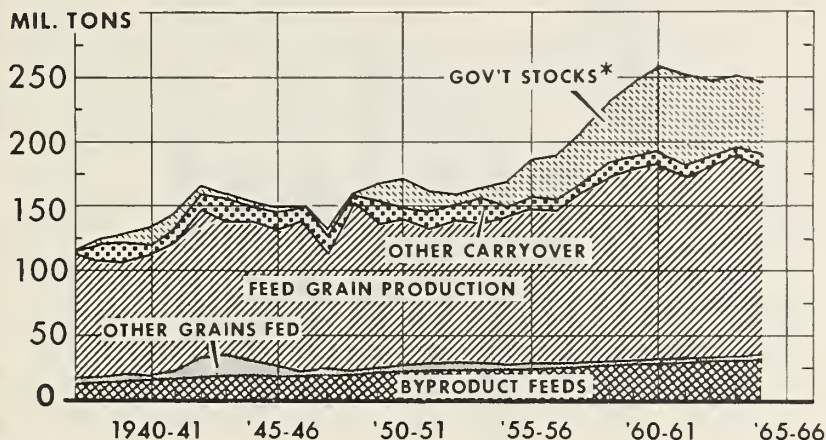
NEG. FAS 2349 FOREIGN AGRICULTURAL SERVICE

Figure 72

Rice, milled: Africa's total imports and U. S. exports to Africa

Year	Total imports of Africa	U. S. exports to Africa
	1,000 metric tons	1,000 metric tons
1956	351.9	32.3
1957	474.1	17.0
1958	390.8	15.4
1959	599.7	101.3
1960	535.8	69.8
1961	538.8	142.1
1962	677.0	210.3
1963	615.3	195.4

FEED CONCENTRATE SUPPLY



1964 BASED ON AUGUST INDICATIONS.
* UNDER LOAN OR OWNED BY CCC.

CORN AND SORGHUM GRAIN OCT. 1; OATS AND BARLEY JULY 1.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 444-64 (8) ECONOMIC RESEARCH SERVICE

Figure 73

Feed concentrate supply, livestock numbers, and supply per animal unit, United States, 1950-64

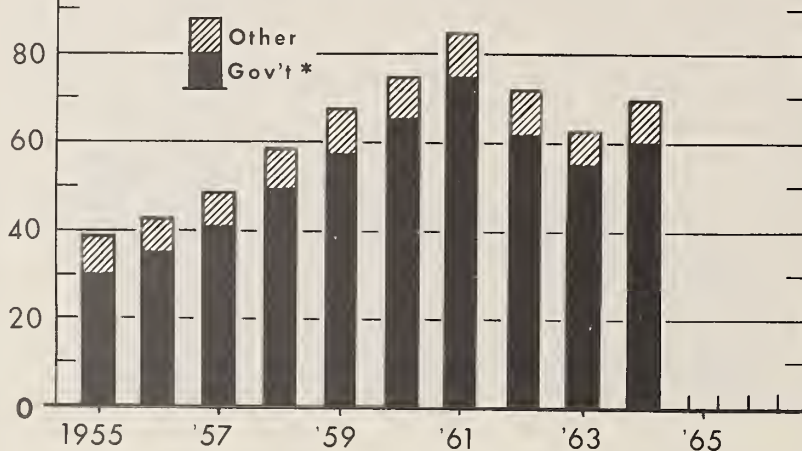
Crop year	Carryover of feed grains 1/			Feed grain production 2/	Other grains fed 3/	By-product feeds 4/	Total supply	Total concentrates fed	Grain-consuming animal units annually	Supply per animal unit
	Under price support	Other stocks	Total							
	Mil. tons	Mil. tons	Mil. tons	Mil. tons	Mil. tons	Mil. tons	Mil. tons	Mil. tons	Mil.	Tons
1950	20.9	9.6	30.5	113.1	4.2	22.3	170.1	121.7	168.1	1.01
1951	14.8	13.8	28.6	104.8	4.6	22.9	160.9	124.1	167.3	.96
1952	9.0	11.1	20.1	111.0	5.1	22.8	159.0	114.0	158.9	1.00
1953	16.6	10.4	27.0	108.3	4.2	23.6	163.1	116.6	156.9	1.04
1954	22.6	9.1	31.7	114.1	2.4	23.6	171.8	116.2	161.6	1.06
1955	29.7	9.4	39.1	120.8	2.8	24.1	186.8	121.9	165.3	1.13
1956	34.7	8.5	43.2	119.3	2.5	24.5	189.5	119.7	160.9	1.18
1957	40.8	8.0	48.8	132.4	2.5	25.9	209.6	129.0	159.9	1.31
1958	49.7	9.3	59.0	144.1	2.0	27.2	232.3	139.5	167.7	1.39
1959	58.0	9.5	67.5	149.6	2.0	27.4	246.5	144.7	165.7	1.49
1960	65.7	8.9	74.6	155.6	2.2	28.0	260.4	150.3	167.6	1.55
1961	74.7	10.0	84.7	140.6	2.2	28.9	256.4	152.9	168.9	1.52
1962	62.5	9.3	71.8	142.9	1.6	29.7	246.0	152.7	173.2	1.43
1963 5/	54.7	8.4	63.1	155.9	2.1	29.9	251.0	149.3	170.2	1.47
1964 6/	60.0	10.0	70.0	145.9	2.7	30.2	248.8		169.0	1.47

1/ Stocks in all positions, including interior mill, elevator and warehouse stocks. Stocks of corn and sorghum grain on October 1; oats and barley on July 1. 2/ Corn for grain only, oats, barley, and sorghum grains. 3/ Imported grains and domestic wheat and rye, October-September feeding season. 4/ Mill byproducts, oilseed cakes and meals, animal protein feeds, and molasses. 5/ Preliminary. 6/ Based on August 1964 indications.

Data for earlier years were published in 1962 and 1963 chartbooks.

FEED GRAIN CARRYOVER

MIL. TONS



* UNDER LOAN OR OWNED BY CCC.

STOCKS OF CORN AND SORGHUM GRAIN OCTOBER 1;
OATS AND BARLEY JULY 1. 1964 BASED ON JULY INDICATIONS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2901-64 (7) ECONOMIC RESEARCH SERVICE

Figure 74

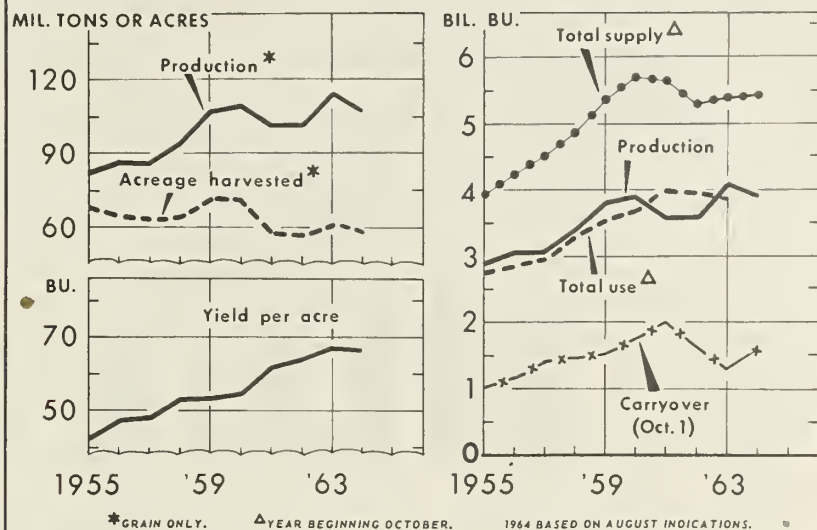
Feed grains: Carryover stocks, United States, 1955-64

Year ^{1/}					Four feed grains		
	Corn	Oats	Barley	Sorghum grain	Under loan : or owned by CCC	Other	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million tons	Million tons	Million tons
1955	1,035	303	131	75	29.7	9.4	39.1
1956	1,165	346	117	81	34.7	8.5	43.2
1957	1,419	240	127	79	40.8	8.0	48.8
1958	1,469	324	169	309	49.7	9.3	59.0
1959	1,524	366	196	510	58.0	9.5	67.5
1960	1,787	267	167	581	65.7	8.9	74.6
1961	2,008	325	153	702	74.7	10.0	84.7
1962	1,640	277	124	661	62.5	9.3	71.8
1963	1,316	274	147	655	54.7	8.4	63.1
1964 ^{2/}	1,550	315	133	660	60.0	10.0	70.0

^{1/} Stocks of corn and sorghum grains, October 1; oats and barley, July 1.

^{2/} Preliminary; corn and sorghum grain based on July indications.

CORN SUPPLY AND USE



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2945-64 (8) ECONOMIC RESEARCH SERVICE

Figure 75

Corn: Acreage, yield, supply and utilization,
United States, 1955-64

Year begin- ning October	Acreage:		Supply							Utilization		
	har- vested:	Yield: per acre	Carryover			Pro- duction:		Im- ports	Total	Domes- tic use	Ex- ports 2/	Total
	for grain		Government	Other	Total							
			1/									
	Mil. acres	Bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
1955	68.5	42.0	884	151	1,035	2,873	1	3,909	2,624	120		2,744
1956	64.9	47.4	1,060	105	1,165	3,075	1	4,241	2,638	184		2,822
1957	63.1	48.3	1,295	124	1,419	3,045	2	4,466	2,797	200		2,997
1958	63.5	52.8	1,355	114	1,469	3,356	1	4,826	3,072	230		3,302
1959	72.1	53.1	1,400	124	1,524	3,825	1	5,350	3,333	230		3,563
1960	71.6	54.5	1,675	112	1,787	3,908	1	5,696	3,396	292		3,688
1961	58.4	62.0	1,890	118	2,008	3,626	1	5,635	3,560	435		3,995
1962	56.6	64.2	1,535	105	1,640	3,637	1	5,278	3,546	416		3,962
1963 3/	60.7	67.3	1,235	81	1,316	4,082	1	5,399	3,374	475		3,849
1964 4/	58.4	66.5	1,425	125	1,550	3,885	1	5,436				

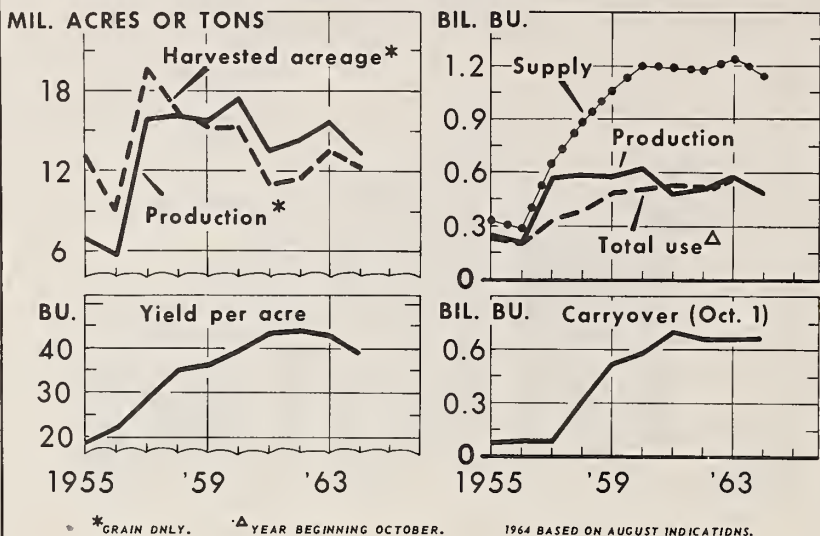
1/ Under loan and owned by Commodity Credit Corporation.

2/ Includes grain equivalent of products.

3/ Preliminary.

4/ Based on August indications.

SORGHUM GRAIN SUPPLY AND USE



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2970-64 (8) ECONOMIC RESEARCH SERVICE

Figure 76

Sorghum grain: Acreage, yield, supply, and utilization,
United States, 1955-64

Year begin- ning October	:	:	:	Supply				Utilization			
	:	Acreage:	:				:	:			
	:	har-	Yield:	Carryover			:	:	:	:	:
	:	vested	per				:	:	:	:	:
	:	for	acre				:	:	:	:	:
	:	grain	:	Govern-	Other	Total	Produc-	Total	Domes-	Ex-	Total
	:	:	:	ment	1/	:	tion	:	tic	ports	:
	:	:	:	:	:	:	:	:	use	:	:
	:	:	:	:	:	:	:	:	:	:	:
	:	Mil.		Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
	:	acres	Bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
	:	:	:	:	:	:	:	:	:	:	:
1955	:	12.9	18.8	68	7	75	243	318	171	66	237
1956	:	9.2	22.2	75	6	81	205	286	185	22	207
1957	:	19.7	28.8	75	4	79	568	647	281	57	338
1958	:	16.5	35.2	298	11	309	581	890	280	100	380
1959	:	15.4	36.0	500	10	510	555	1,065	386	98	484
1960	:	15.6	39.8	563	18	581	620	1,201	428	71	499
1961	:	11.0	43.8	686	16	702	480	1,182	422	99	521
1962	:	11.5	44.2	644	17	661	510	1,171	403	113	516
1963 2/	:	13.5	43.3	645	10	655	583	1,238	478	100	578
1964 3/	:	12.2	38.7	645	15	660	473	1,133			
	:										
	:										
	:										

^{1/} Under loan and owned by Commodity Credit Corporation.

^{2/} Preliminary.

^{3/} Based on August indications.

CORN PRICE SUPPORT OPERATIONS

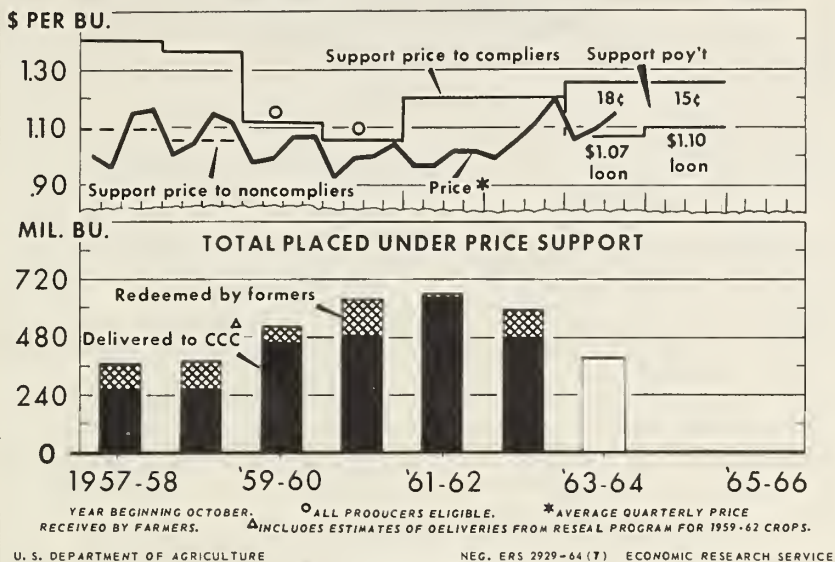


Figure 77

Corn: Average quarterly price received by farmers, support prices and price support activity, 1957-64 crop years

Crop year	Prices received by farmers				National average support price 1/	Quantity placed under price support			Total deliveries to CCC 3/
	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.		Loans 2/	Purchase agreements	Total	
	Dol. per bu.	Dol. per bu.	Dol. per bu.	Dol. per bu.	Dol. per bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
1957	1.01	.963	1.15	1.16	4/1.40	319.7	49.3	369.0	268.1
1958	1.00	1.04	1.15	1.12	4/1.36	343.3	37.6	380.9	266.6
1959	.977	.991	1.07	1.07	1.12	481.6	47.9	529.5	5/460.0
1960	.923	.991	1.00	1.04	1.06	562.8	75.0	637.8	5/490.0
1961	.968	.958	1.02	1.03	1.20	581.3	77.3	658.6	5/638.0
1962	.986	1.05	1.11	1.20	1.20	535.4	55.4	590.8	5/480.0
1963	1.06	1.09	1.15		6/1.25	386.0	9.2	395.2	
1964					6/1.25				

1/ Available to producers participating in 1957 and 1958 acreage allotment programs and 1961-64 feed grain programs; support prices were available to all producers for the 1959 and 1960 corn crops.

2/ Excludes quantities of corn placed under loan the following year from purchase agreements.

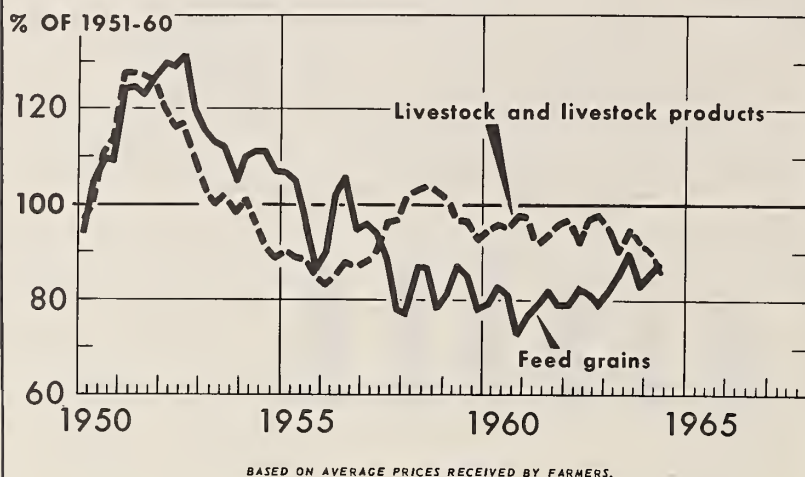
3/ Includes deliveries to CCC from original program, from the resale program and over-deliveries determined by weight of farm-stored corn.

4/ Supports were available to noncompliers in commercial areas at \$1.10 per bushel for 1957 corn and \$1.06 for 1958 corn.

5/ Partly estimated; includes an allowance for deliveries of corn from the resale program.

6/ Comprised of \$1.07 per bushel loan and 18 cents support payment for 1963 crop; \$1.10 per bushel loan and 15 cents support payment for 1964 crop.

FEED GRAIN AND LIVESTOCK PRICES



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1302X-64 (7)

ECONOMIC RESEARCH SERVICE

Figure 78

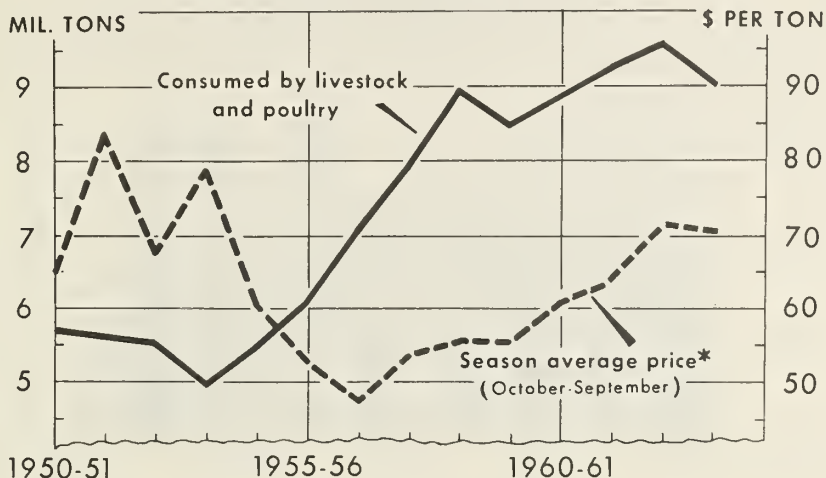
Feed grains and livestock and livestock products: Index
numbers of average prices received by farmers,
United States, by quarters, 1957-64

Year	Feed grains ^{1/}				Livestock and livestock products ^{1/}			
	Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.
	1957-59=100				1957-59=100			
1957	113	111	104	92	90	92	98	99
1958	91	103	103	92	105	106	107	106
1959	96	103	100	92	104	100	99	95
1960	93	98	96	86	97	98	97	101
1961	91	93	97	93	101	94	96	98
1962	93	97	96	93	100	95	100	101
1963	97	102	106	98	97	92	97	94
1964	100	104			93	88		
	Adjusted to 1951-60=100				Adjusted to 1951-60=100			
1957	96	94	88	78	88	90	96	97
1958	77	87	87	78	102	103	104	103
1959	81	87	85	78	101	97	97	93
1960	79	83	81	73	95	96	95	98
1961	77	79	82	79	98	92	94	96
1962	79	82	81	79	97	93	97	98
1963	82	86	90	83	95	90	95	92
1964	85	88			91	86		

^{1/} Feed grains based on prices received by farmers for corn, oats, barley, and sorghum grain; livestock and livestock products based on prices received for meat animals, wool, dairy products, poultry and eggs.

Data for earlier years were published in 1962 and 1963 chartbooks.

SOYBEAN MEAL PRICES AND USE



YEAR BEGINNING OCTOBER. *WHOLESALE, BULK, 44 PERCENT PROTEIN, DECATUR.
1963-64 BASED ON AUGUST INDICATIONS

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2087-64 (8) ECONOMIC RESEARCH SERVICE

Figure 79

Soybean meal: Average wholesale price per ton, bulk, Decatur,
and quantity consumed by livestock and poultry, 1950-63

Year beginning October	Price 1/	Quantity consumed by livestock and poultry
	Dollars per ton	1,000 tons
1950-51	64.45	5,718
1951-52	83.35	5,640
1952-53	67.55	5,510
1953-54	78.65	4,965
1954-55	60.70	5,428
1955-56	52.55	6,042
1956-57	47.45	7,093
1957-58	53.40	7,962
1958-59	55.80	8,938
1959-60	55.55	8,450
1960-61	60.60	8,837
1961-62	63.60	9,232
1962-63 2/	71.30	9,556
1963-64 3/	70.50	9,000

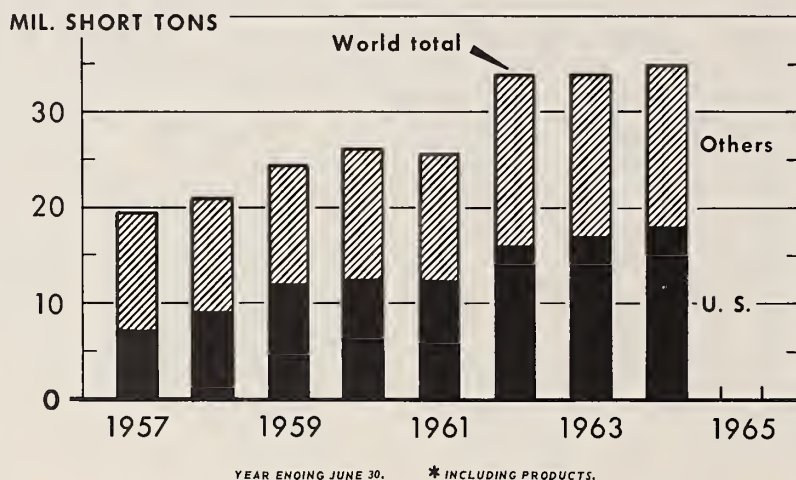
1/ Simple monthly average for Tuesday of each week for 44 percent protein.

2/ Preliminary.

3/ Based on August indications.

FEED GRAINS *

U. S. and World Exports



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2350 FOREIGN AGRICULTURAL SERVICE

Figure 80

Feed Grains: 1/ United States and world exports, 1957-64

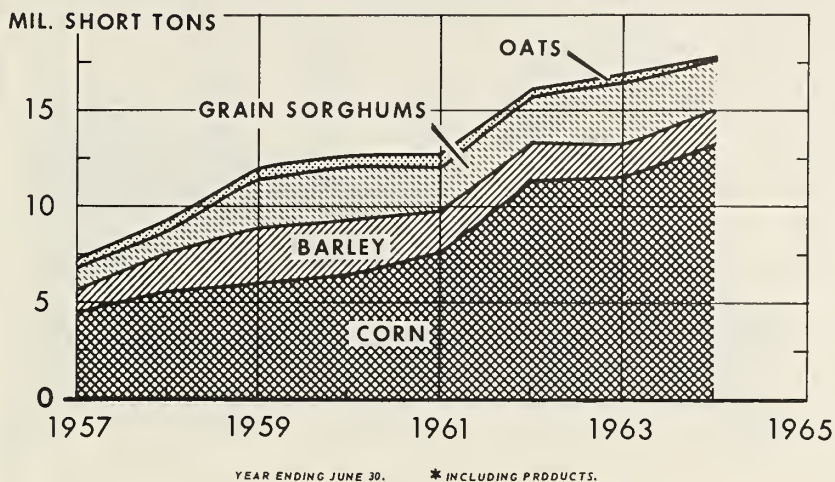
Year ending June 30	United States	Other countries	World total
	1,000 short tons	1,000 short tons	1,000 short tons
1957	7,024	12,463	19,487
1958	9,301	11,896	21,197
1959	12,005	12,422	24,427
1960	12,711	13,356	26,067
1961	12,665	12,330	25,724
1962	16,157	17,879	34,036
1963 2/	16,929	17,113	34,042
1964 2/	17,788	17,212	35,000

1/ Includes products.

2/ Preliminary.

FEED GRAINS*

U. S. Exports by Commodities



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2351 FOREIGN AGRICULTURAL SERVICE

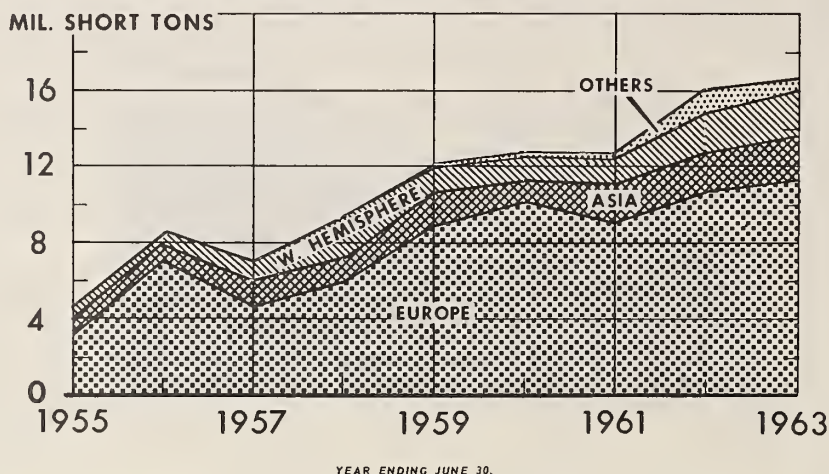
Figure 81

Feed Grains: 1/ United States exports by commodities, 1957-64

Year ending June 30	Corn	Barley	Grain sorghums	Oats	Total
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
1957	4,301	1,477	811	435	7,024
1958	5,465	2,203	1,185	448	9,301
1959	6,045	2,800	2,650	510	12,005
1960	6,410	2,837	2,738	726	12,711
1961	7,721	2,057	2,419	468	12,665
1962	11,414	2,021	2,402	337	16,174
1963	11,591	1,620	3,327	391	16,929
1964	13,237	1,680	2,779	92	17,788

1/ Includes products.

COARSE GRAINS: U. S. EXPORTS BY AREA OF DESTINATION



U. S. DEPARTMENT OF AGRICULTURE

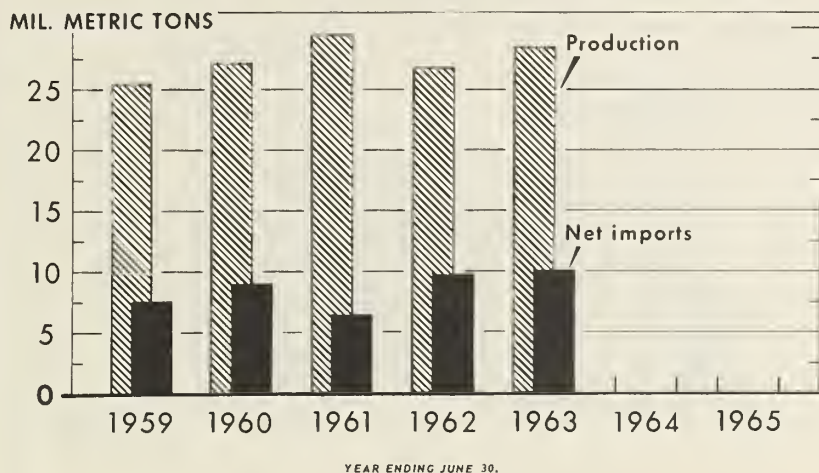
NEG. FAS 2352 FOREIGN AGRICULTURAL SERVICE

Figure 82

Coarse grains: United States exports by area of destination,
1955-63

Year ending June 30	Europe	Asia	Western Hemisphere	Others	Total
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
1955	3,250	831	464	13	4,558
1956	6,970	912	542	45	8,469
1957	4,598	1,404	951	71	7,024
1958	5,869	1,425	1,969	38	9,301
1959	8,836	1,882	1,185	102	12,005
1960	10,125	1,167	1,146	273	12,711
1961	8,975	1,985	1,411	294	12,665
1962	10,675	2,138	2,181	1,180	16,174
1963	11,104	2,634	2,780	411	16,929

FEED GRAINS: PRODUCTION AND NET IMPORTS OF THE COMMON MARKET



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2346 FOREIGN AGRICULTURAL SERVICE

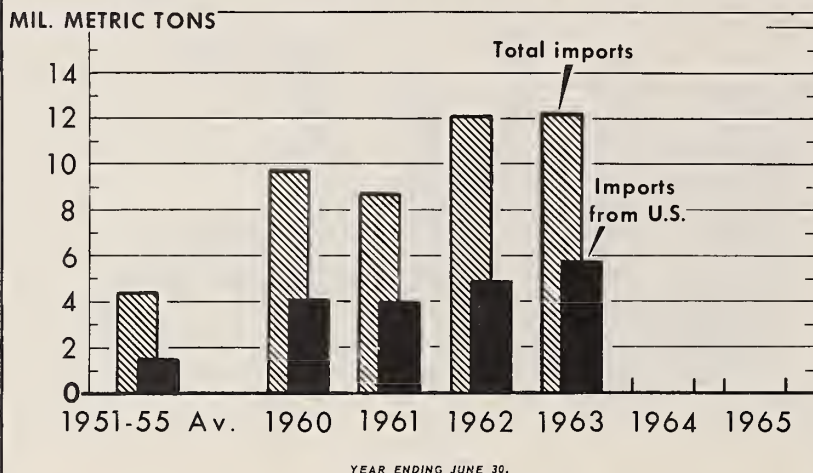
Figure 83

Feed Grains: Production and net imports of the Common Market ^{1/}

Year ending June 30	Production	Net imports
	1,000 metric tons	1,000 metric tons
1959	25,417	7,541
1960	27,173	8,913
1961	29,511	6,339
1962	26,739	9,706
1963	28,457	10,060

^{1/} Includes all grains except wheat

FEED GRAINS: U.S. SHARE AND TOTAL COMMON MARKET IMPORTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2345 FOREIGN AGRICULTURAL SERVICE

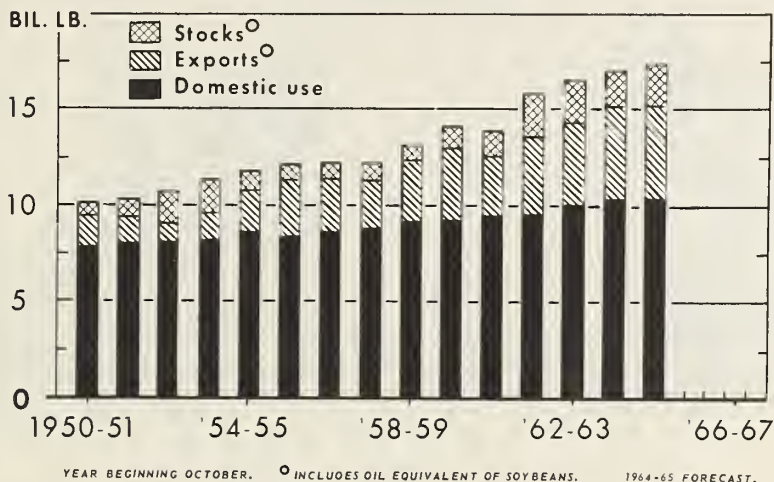
Figure 84

Feed grains: ^{1/} U.S. share and total imported by the Common Market

Year ending June 30	Imported from United States	Other imports	Total imports
	1,000 metric tons	1,000 metric tons	1,000 metric tons
1951-55 average	1,468.8	2,980.4	4,449.2
1960	4,050.9	5,632.2	9,683.1
1961	3,955.7	4,704.0	8,659.7
1962	4,858.5	7,231.7	12,090.2
1963	5,767.6	6,523.1	12,290.7

^{1/} Includes corn, grain sorghum, barley, and oats.

FOOD FAT DISAPPEARANCE AND STOCKS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1480X-64 (8) ECONOMIC RESEARCH SERVICE

Figure 85

Food fats: Supply and disappearance, United States, 1946-63^{1/}

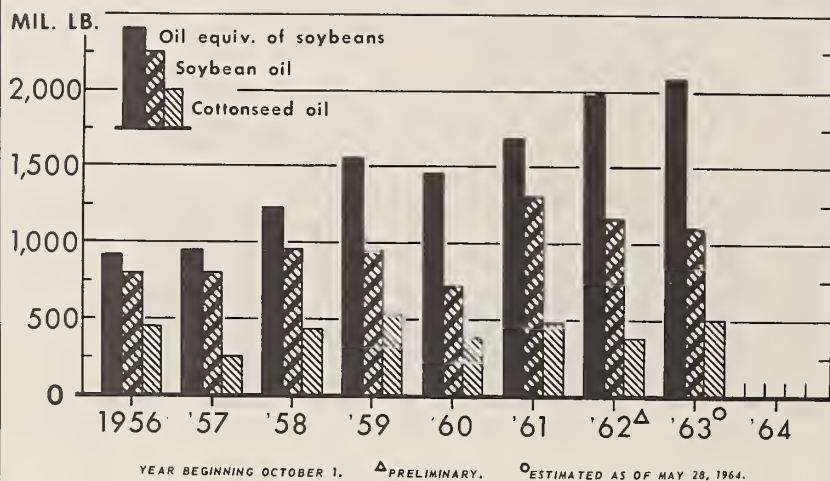
Year beginning October	Supply				Disappearance ^{3/}		
	Production from domestic materials ^{2/}	Stocks Oct. 1	Imports	Total	Exports and shipments	Domestic	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1946	7,260	596	36	7,892	667	6,595	7,262
1947	7,297	630	50	7,977	624	6,886	7,510
1948	8,666	467	30	9,163	1,449	7,195	8,644
1949	8,825	518	67	9,410	1,276	7,079	8,355
1950	8,859	606	52	9,517	1,585	6,964	8,549
1951	9,159	590	46	9,795	1,435	7,109	8,544
1952	9,321	880	45	10,246	1,110	7,219	8,329
1953	9,457	1,589	61	11,107	1,645	7,541	9,186
1954	9,767	1,608	91	11,466	2,359	7,840	10,199
1955	10,859	962	59	11,880	2,979	7,871	10,850
1956	10,857	760	52	11,669	2,903	7,886	10,789
1957	10,762	694	70	11,526	2,593	8,145	10,738
1958	11,909	683	74	12,666	3,323	8,389	11,712
1959	12,654	734	66	13,454	3,880	8,438	12,318
1960	12,472	830	81	13,383	3,168	8,559	11,727
1961	13,416	1,279	91	14,786	4,083	8,571	12,654
1962	14,050	1,557	55	15,662	4,340	8,867	13,207
1963 ^{4/}	13,715	2,140	66	15,921	4,945	9,100	14,045

^{1/} Chart data totals include oil equivalent of soybean stocks and crop and are therefore greater when compared with table data. ^{2/} Includes oil equivalent of oilseeds exported.

^{3/} Disappearance of primary fats and oils adjusted for trade and change in stocks of manufactured products (fat content) and beginning in 1949 for trade and change in stocks of secondary oils (fatty acids, etc.). ^{4/} Preliminary.

Data published currently in the Fats and Oils Situation (ERS).

U. S EDIBLE VEGETABLE OIL EXPORTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2338 FOREIGN AGRICULTURAL SERVICE

Figure 86

Soybeans (as oil), soybean and cottonseed oils:
United States exports, year beginning
October 1, 1956-63

Year beginning October 1	Oil equivalent of soybeans	Soybean oil	Cottonseed oil	Total
	Million pounds	Million pounds	Million pounds	Million pounds
1956	937	807	423	2,167
1957	939	804	248	1,991
1958	1,209	930	404	2,543
1959	1,552	953	503	3,008
1960	1,428	721	369	2,518
1961	1,682	1,304	471	3,457
1962 ^{1/} ^{2/}	1,980	^{3/} 1,163	^{3/} 389	3,532
1963 ^{4/}	2,090	1,100	500	3,690

^{1/} Includes foreign donations.

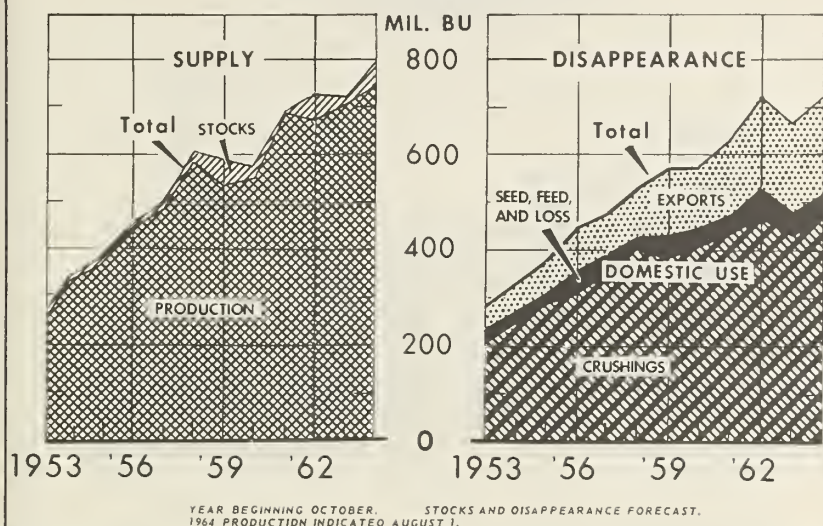
^{2/} Preliminary.

^{3/} Excludes estimates of Title II exports not reported by Bureau of Census.

^{4/} Estimated as of May 28, 1964.

Compiled from records of the Bureau of Census and other sources.

SOYBEANS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1366 X-64 (8) ECONOMIC RESEARCH SERVICE

Figure 87

Soybeans: Supply and distribution,
United States, 1950-64

Year beginning October	Supply			Distribution				Soybean oil (bean equivalent)
	Produc- tion	Stocks Oct. 1	Total supply	Exports	Crushings	Seed	Residual 1/	
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1950	299.2	2.9	302.1	27.8	252.0	19.0	-0.9	50.5
1951	283.8	4.2	288.0	17.0	244.4	19.8	3.2	27.1
1952	298.8	3.6	302.4	31.9	234.4	20.7	5.3	8.6
1953	269.2	10.1	279.3	39.7	213.2	22.9	2.2	6.5
1954	341.1	1.3	342.4	60.6	249.0	23.4	-6.6	4.6
1955	373.7	9.9	383.6	67.5	283.1	25.8	3.5	50.1
1956	449.3	3.7	453.0	85.4	315.9	26.4	15.4	74.1
1957	483.4	9.9	493.3	85.5	353.8	29.5	3.4	75.1
1958	580.2	21.1	601.3	110.1	401.2	27.4	.5	87.8
1959	532.9	62.1	595.0	141.4	393.4	29.3	7.7	86.6
1960	555.3	23.2	578.5	130.1	402.2	32.9	7.4	65.6
1961	679.6	6.0	685.6	153.2	438.8	33.5	2.5	120.0
1962	669.2	57.6	726.8	180.3	474.5	34.4	22.4	109.1
1963 2/	701.5	15.1	716.6	190	430	35	12	100.0
1964 3/	748	50	798					

1/ Computed from unrounded numbers, Includes use for feed, direct use for food, and loss. 2/ Partly estimated. 3/ Indicated August 1.

Data published currently in Fats and Oils Situation (ERS).

COTTONSEED OIL

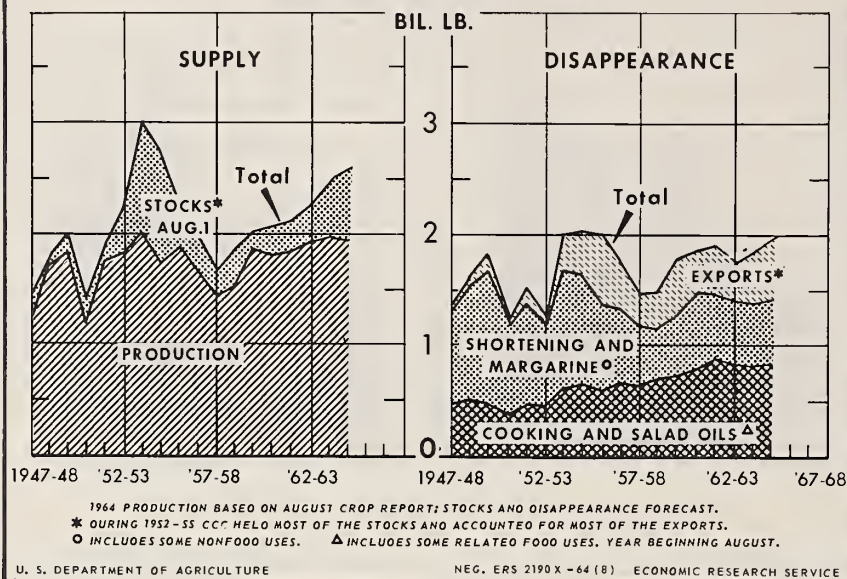


Figure 88

Cottonseed oil: Supply, disposition, and utilization 1947-64

Year begin- ning August	Supply			Disposition				
	Production	Stocks August 1	Total	Domestic disappearance			Total	Total disap- pearance
				Shorten- ing	Margar- ine	Salad and cooking oils		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1947	1,276	186	1,466	312	434	477	1,313	1,346
1948	1,704	120	1,824	470	448	507	1,558	1,640
1949	1,847	185	2,032	583	451	469	1,670	1,817
1950	1,197	215	1,412	356	322	399	1,184	1,245
1951	1,751	167	1,918	412	392	463	1,396	1,516
1952	1,823	402	2,225	329	283	459	1,200	1,257
1953	2,068	971	3,039	573	354	629	1,692	2,046
1954	1,735	996	2,731	547	328	669	1,650	2,334
1955	1,894	398	2,292	354	286	611	1,375	2,009
1956	1,685	284	1,966	286	273	689	1,333	1,767
1957	1,438	202	1,640	247	163	665	1,186	1,472
1958	1,518	168	1,686	233	124	679	1,132	1,474
1959	1,861	212	2,073	332	122	690	1,263	1,785
1960	1,808	287	2,095	380	158	793	1,455	1,845
1961	1,865	250	2,115	356	110	857	1,430	1,900
1962	1,942	324	2,266	340	103	820	1,381	1,752
1963 2/	1,990	514	2,504	355	95	815	1,375	1,875
1964 3/	1,950	630	2,580					

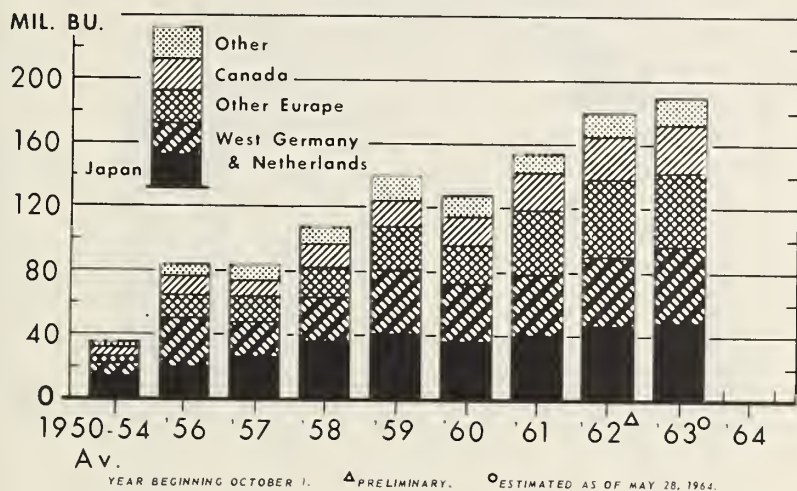
1/ Factory Consumption is used where factory consumption exceeds domestic disappearance.

2/ Preliminary. 3/ Based on August 1 indications.

Totals computed from unrounded numbers.

Data published currently in the Fats and Oils Situation (ERS).

U. S. SOYBEAN EXPORTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2337 FOREIGN AGRICULTURAL SERVICE

Figure 89

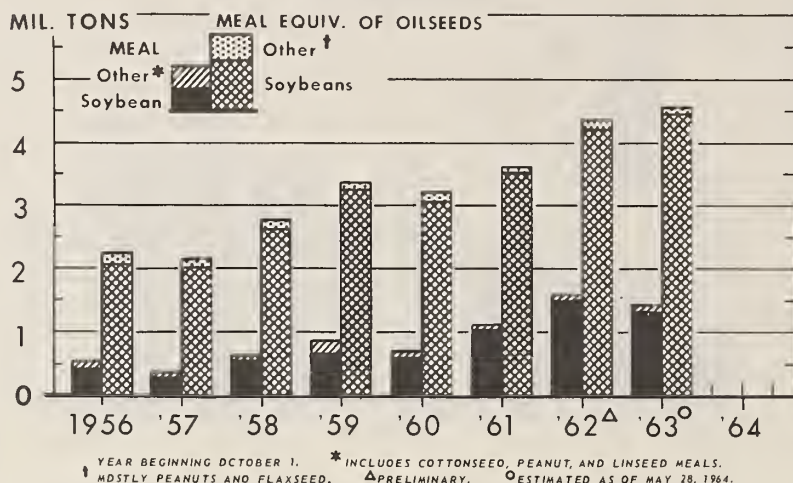
Soybeans: United States exports by country of destination,
year beginning October 1, average
1950-54 and years 1956-63

Year beginning October 1	Japan	Western Germany and Netherlands	Other Europe	Canada	Other	Total
Average	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1950-54	13.5	7.1	5.3	5.3	4.2	35.4
1956	22.9	29.3	14.7	10.2	8.3	85.4
1957	26.8	22.0	15.8	10.7	10.2	85.5
1958	36.7	28.8	17.0	15.2	12.4	110.1
1959	40.2	41.6	28.8	15.8	15.0	141.4
1960	38.3	34.5	24.3	18.7	14.3	130.1
1961	38.7	41.1	37.7	25.3	10.4	153.2
1962 ^{1/}	48.7	43.5	46.0	26.8	15.3	180.3
1963 ^{2/}	49.0	47.0	47.0	30.0	17.0	190.0

^{1/} Preliminary.

^{2/} Estimated as of May 28, 1964.
Bureau of the Census.

U. S. OILSEED MEAL EXPORTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2339 FOREIGN AGRICULTURAL SERVICE

Figure 90

Oilseed Meals (including the meal equivalent of oilseeds):
 United States exports, year beginning
 October 1, 1956-63

Year beginning October 1	Meal			Meal equivalent of oilseeds:			Grand total
	Soybean	Other 1/	Total	Soybean	Other 2/	Total	
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
1956	443	89	532	2,027	193	2,220	2,752
1957	300	16	316	2,001	73	2,074	2,390
1958	512	69	581	2,609	152	2,761	3,342
1959	649	218	867	3,287	99	3,386	4,253
1960	590	81	671	3,056	152	3,208	3,879
1961	1,064	54	1,118	3,599	38	3,637	4,755
1962 3/	1,476	148	1,624	4,238	102	4,340	5,964
1963 4/	1,325	75	1,400	4,405	85	4,550	5,950

1/ Includes cottonseed, peanut, and linseed meals.

2/ Mostly peanut and flaxseed.

3/ Preliminary.

4/ Estimated as of May 28, 1964.

U. S. LARD AND INEDIBLE TALLOW AND GREASE EXPORTS

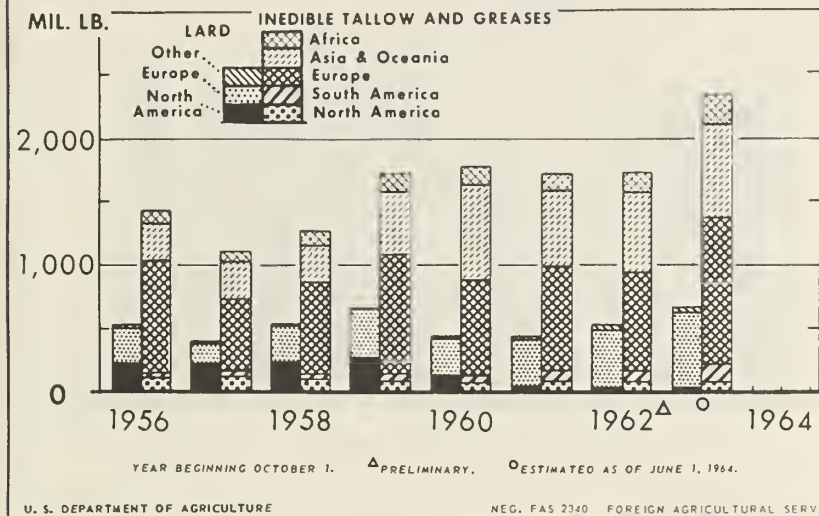


Figure 91

Tallow and greases, inedible 1/: United States exports, by continent, 1956-63

Year beginning October 1	North America	South America	Europe	Asia	Africa	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1956	113	37	874	296	111	1,431
1957	132	36	564	271	104	1,107
1958	100	49	706	345	111	1,311
1959	93	57	940	483	145	1,718
1960	68	63	758	2/ 736	144	1,769
1961	81	88	820	3/ 585	136	1,710
1962 5/	90	75	789	4/ 633	159	1,746
1963 6/	85	125	1,160	730	250	2,350

1/ Includes inedible tallow, inedible animal greases, fats, nes. 2/ Includes 198 million pounds, destination U.S.S.R. 3/ Includes 66 million pounds, destination U.S.S.R. 4/ Includes 33 million pounds U.S.S.R. 5/ Preliminary. 6/ Estimated as of June 1, 1964.

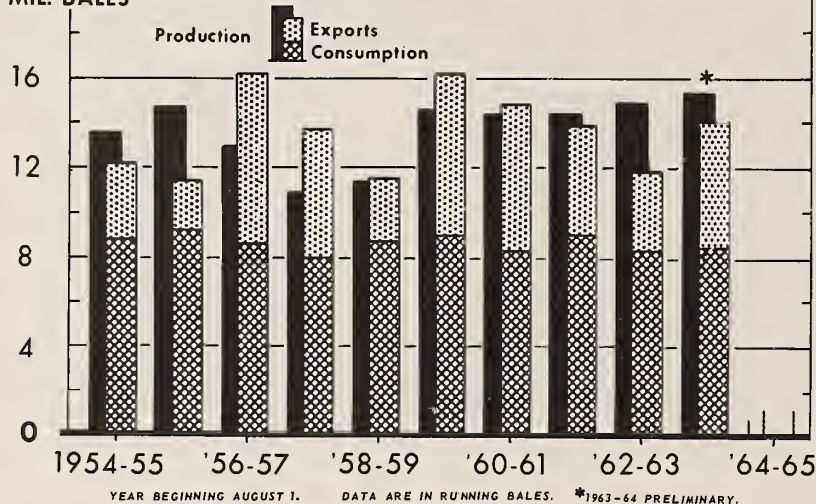
Lard, including rendered pork fat: United States exports, by continent, year beginning October 1, 1956-63

Year beginning October 1	North America	Europe	Other 1/	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1956	240	270	18	530
1957	230	156	10	396
1958	238	282	15	535
1959	263	380	11	654
1960	126	309	12	447
1961	50	386	10	446
1962 2/	43	449	16	508
1963 3/	25	600	50	675

1/ Includes South America and Asia. 2/ Preliminary. 3/ Estimated as of June 1, 1964.

U. S. COTTON PRODUCTION AND USE

MIL. BALES



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1991-64 (7) ECONOMIC RESEARCH SERVICE

Figure 92

Cotton: All kinds; production, mill consumption, and exports, United States, 1950 to 1963

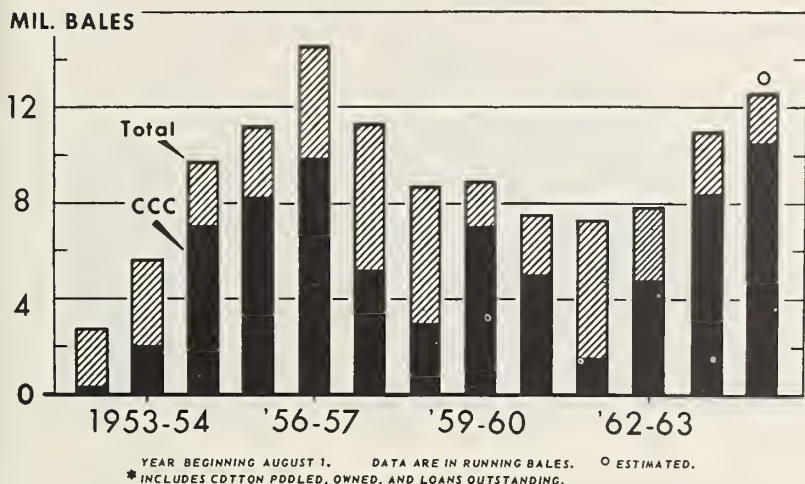
Year beginning August 1	Production ^{1/}	Consumption	Exports
	Million bales ^{2/}	Million bales ^{2/}	Million bales ^{2/}
1950	9.9	10.5	4.1
1951	15.1	9.2	5.5
1952	15.2	9.5	3.0
1953	16.4	8.6	3.8
1954	13.6	8.8	3.4
1955	14.7	9.2	2.2
1956	13.0	8.6	7.6
1957	10.9	8.0	5.7
1958	11.4	8.7	2.8
1959	14.6	9.0	7.2
1960	14.4	8.3	6.6
1961	14.4	9.0	4.9
1962	14.9	8.4	3.3
1963 ^{3/}	15.3	8.6	5.6

^{1/} Includes inseason ginnings.

^{2/} Running bales.

^{3/} Preliminary.

CARRYOVER AND CCC* STOCKS OF COTTON



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 348-64 (7) ECONOMIC RESEARCH SERVICE

Figure 93

Cotton, all kinds: Stocks held by CCC and others,
United States 1950 to 1964

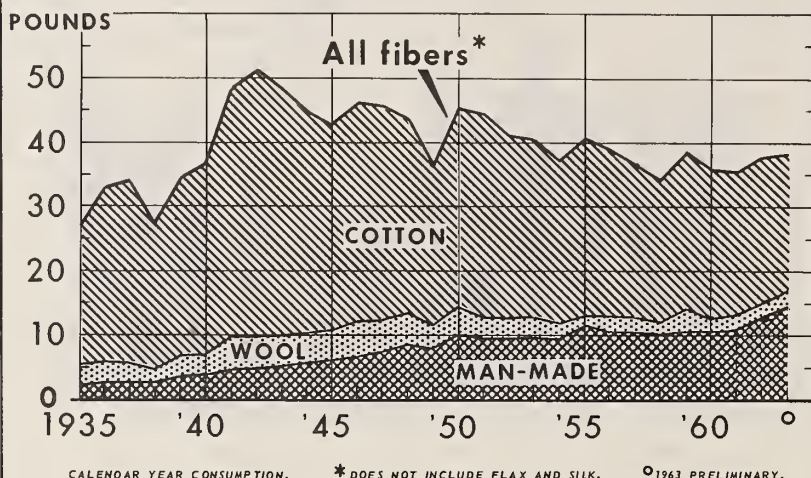
Date	CCC-held stocks <u>1/</u>	Other	Total
	1,000 bales <u>2/</u>	1,000 bales <u>2/</u>	1,000 bales <u>2/</u>
August 1			
1950	3,540	3,306	6,846
1951	79	2,199	2,278
1952	285	2,504	2,789
1953	2,000	3,605	5,605
1954	7,035	2,693	9,728
1955	8,133	3,072	11,205
1956	9,857	4,672	14,529
1957	5,184	6,139	11,323
1958	2,923	5,814	8,737
1959	7,042	1,843	8,885
1960	5,041	2,518	7,559
1961	1,519	5,709	7,228
1962	4,763	3,068	7,831
1963	8,168	3,048	11,216
1964 <u>3/</u>	10,400	2,000	12,400

1/ Includes cotton pooled, owned, and loans outstanding.

2/ Running bales.

3/ Estimated.

MILL CONSUMPTION OF FIBERS, PER CAPITA



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 953-64 (3) ECONOMIC RESEARCH SERVICE

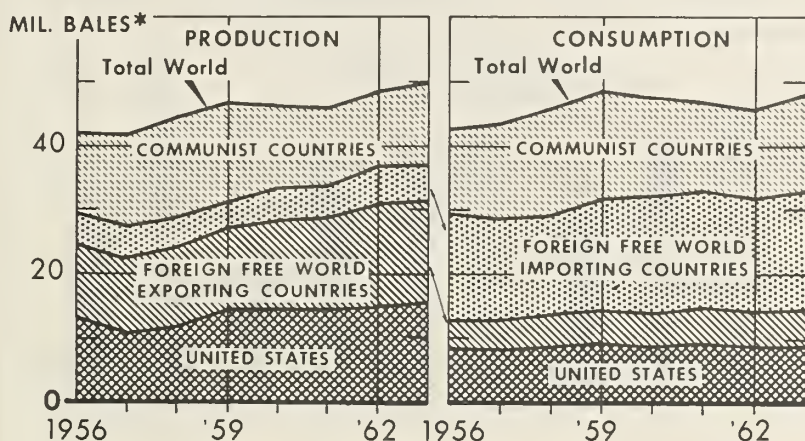
Figure 94

Mill consumption of fibers ^{1/}, per capita,
United States, 1940-63 ^{2/}

Year	Cotton		Wool		Man-made		Total per capita ^{3/}
	Per capita	Percentage of total	Per capita	Percentage of total	Per capita	Percentage of total	
	Pound	Percent	Pound	Percent	Pound	Percent	Pound
1940	30.0	81.4	3.1	8.4	3.8	10.2	36.8
1941	38.9	80.4	4.9	10.0	4.6	9.6	48.4
1942	41.8	81.7	4.5	8.7	4.9	9.6	51.1
1943	38.6	79.6	4.7	9.6	5.2	10.8	48.4
1944	34.6	77.4	4.5	10.1	5.6	12.5	44.7
1945	32.3	75.2	4.6	10.7	6.0	14.1	42.9
1946	34.0	74.0	5.2	11.3	6.7	14.7	46.0
1947	32.4	72.6	4.9	10.9	7.3	16.5	44.6
1948	30.4	69.8	4.7	10.8	8.5	19.4	43.6
1949	25.7	70.6	3.4	9.2	7.4	20.2	36.5
1950	30.9	68.5	4.2	9.3	10.0	22.2	45.1
1951	31.6	71.3	3.1	7.1	9.6	21.6	44.3
1952	28.5	69.6	3.0	7.2	9.5	23.2	40.9
1953	27.9	68.8	3.1	7.6	9.5	23.6	40.6
1954	25.4	68.6	2.4	6.4	9.3	25.0	37.1
1955	26.5	65.4	2.5	6.2	11.5	28.4	40.5
1956	25.9	66.8	2.6	6.7	10.3	26.5	38.8
1957	23.7	65.3	2.2	5.9	10.5	28.8	36.3
1958	22.2	64.9	1.9	5.5	10.1	29.6	34.2
1959	24.5	63.4	2.5	6.4	11.7	30.2	38.6
1960	23.2	64.7	2.3	6.3	10.4	29.0	35.9
1961	22.2	62.2	2.2	6.3	11.2	31.5	35.7
1962	22.4	59.5	2.3	6.1	13.0	34.4	37.7
1963	21.3	55.7	2.2	5.7	14.8	38.6	38.3

^{1/} Does not include flax and silk. ^{2/} Compiled from reports of the Bureau of the Census and Textile Economics Bureau. ^{3/} Total consumption divided by population.

COTTON PRODUCTION AND CONSUMPTION



SEASON BEGINNING AUGUST 1.

* U. S. IN RUNNING BALES; OTHERS IN BALES OF 480 POUNDS NET. 1963 PARTLY ESTIMATED.

U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2331 FOREIGN AGRICULTURAL SERVICE

Figure 95

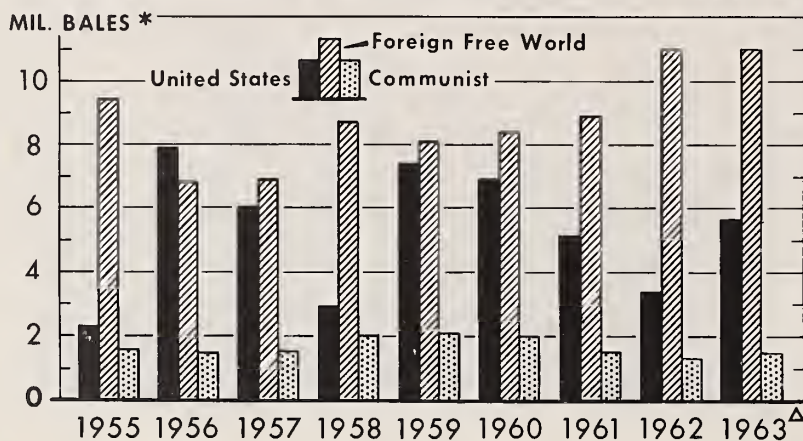
Cotton: Production and consumption in the United States, foreign free world exporting and importing countries, Communist countries, and the world, 1956-1963

Year	Production					Consumption				
	United States	Foreign free world Exporting	Foreign free world Importing	Communist	Total world	United States	Foreign free world Exporting	Foreign free world Importing	Communist	Total world
	Mil. bales	Mil. bales	Mil. bales	Mil. bales	Mil. bales	Mil. bales	Mil. bales	Mil. bales	Mil. bales	Mil. bales
1956-57	13.0	11.1	4.8	13.0	41.9	8.6	4.3	16.6	13.4	42.9
1957-58	10.9	11.9	5.0	14.2	42.0	8.0	4.5	15.9	15.1	43.5
1958-59	11.4	12.6	4.8	15.7	44.5	8.7	4.8	15.5	16.5	45.5
1959-60	14.6	12.6	4.0	15.7	46.9	9.0	5.2	16.9	17.0	48.1
1960-61	14.4	13.7	5.3	13.4	46.8	8.3	5.4	17.9	15.7	47.3
1961-62	14.4	14.4	4.9	12.2	45.9	9.0	5.7	17.8	14.1	46.6
1962-63	14.9	16.1	5.8	11.5	48.3	8.4	5.6	17.6	13.8	45.4
1963-64 ^{2/}	15.4	15.8	5.8	12.8	49.8	8.6	5.8	18.5	14.9	47.8

^{1/} U. S. in running bales; others in bales of 480 pounds net.

^{2/} Partly estimated.

COTTON EXPORTS FROM THE FREE WORLD AND COMMUNIST COUNTRIES



SEASON BEGINNING AUGUST 1.

* BALES OF 480 POUNDS NET.

Δ PARTLY ESTIMATED.

U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2330 FOREIGN AGRICULTURAL SERVICE

Figure 96

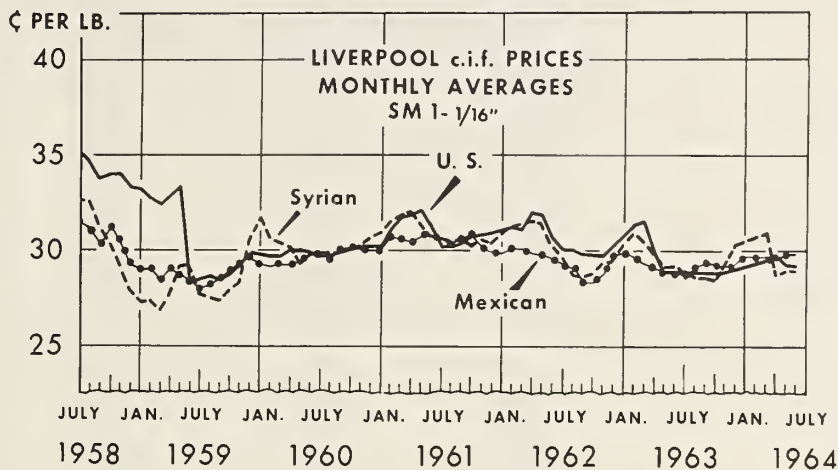
Cotton: Exports from the United States, foreign free world countries, Communist countries, and the world, 1955-1963

Year	United States	Foreign free world	Communist	Total world
	Million bales	Million bales	Million bales	Million bales
	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
1955-56	2.3	9.4	1.6	13.3
1956-57	7.9	6.8	1.5	16.2
1957-58	6.0	6.9	1.5	14.4
1958-59	2.9	8.7	2.0	13.6
1959-60	7.4	8.1	2.1	17.6
1960-61	6.9	8.4	2.0	17.3
1961-62	5.1	8.9	1.5	15.5
1962-63	3.4	11.0	1.3	15.7
1963-64 <u>2/</u>	5.6	10.9	1.4	17.9

1/ Bales of 480 pounds net.

2/ Partly estimated.

COTTON PRICES IN A FOREIGN IMPORT MARKET



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2332 FOREIGN AGRICULTURAL SERVICE

Figure 97

Cotton: C.i.f. prices, Liverpool, England, monthly averages,
SM 1-1/16", July 1958 to date

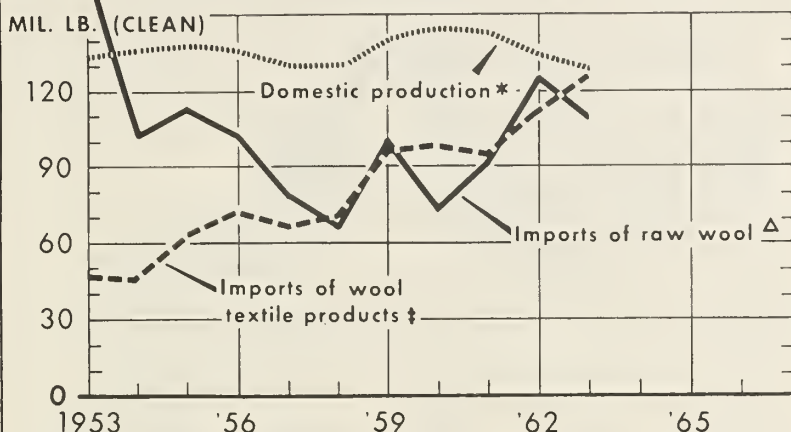
Month	SM 1-1/16"		
	United States	Mexican	Syrian
	Cents per pound	Cents per pound	Cents per pound
1958			
July	35.10	31.40	32.12
August	34.64	31.16	32.03
September	33.72	30.35	31.30
October	33.97	31.16	30.19
November	33.95	30.40	29.19
December	33.33	29.16	27.86
1959			
January	33.22	29.01	27.26
February	32.61	29.05	27.42
March	32.44	28.43	26.76
April	32.86	29.01	27.55
May	33.34	28.74	29.18
June	28.27	28.43	29.25
July	28.47	27.88	27.60
August	28.54	28.09	27.51
September	28.48	28.48	27.45
October	28.64	28.70	27.95
November	29.17	29.22	28.25
December	29.88	29.91	30.49

Continued -

Cotton: C.i.f. prices, Liverpool, England, monthly averages,
SM 1-1/16", July 1958 to date - Continued

Month	SM 1-1/16"		
	United States	Mexican	Syrian
	<u>Cents per pound</u>	<u>Cents per pound</u>	<u>Cents per pound</u>
1960			
January	29.70	29.38	31.78
February	29.61	29.27	30.58
March	29.63	29.35	30.40
April	30.03	29.20	30.15
May	30.00	29.31	29.24
June	29.85	29.72	29.67
July	29.66	29.84	29.84
August	29.68	29.64	29.86
September	29.89	30.01	29.89
October	30.05	30.16	29.87
November	30.26	30.20	30.30
December	30.24	30.12	30.65
1961			
January	30.28	30.12	30.99
February	30.96	30.75	31.51
March	31.78	30.60	31.84
April	31.92	30.52	32.06
May	32.10	30.74	31.44
June	31.38	30.66	30.63
July	30.20	30.60	30.66
August	30.23	30.50	30.34
September	30.48	30.56	30.59
October	30.68	30.71	30.28
November	30.73	30.15	30.52
December	30.87	29.96	30.43
1962			
January	31.04	29.94	30.82
February	31.25	30.09	31.28
March	31.11	30.10	31.38
April	31.95	29.93	31.51
May	31.83	29.82	31.30
June	30.72	29.68	30.15
July	30.00	29.43	29.53
August	30.04	29.09	28.86
September	29.88	28.42	28.54
October	29.82	28.41	28.80
November	29.71	28.78	29.30
December	30.16	29.63	29.39
1963			
January	30.72	29.85	30.34
February	31.30	29.70	30.91
March	31.51	29.31	30.46
April	30.34	29.06	29.73
May	29.98	28.98	29.06
June	28.96	28.92	29.10
July	28.91	28.91	28.82
August	28.75	29.16	28.65
September	28.69	29.48	28.58
October	28.68	29.26	28.44
November	28.74	29.19	29.20
December	28.90	29.36	30.08
1964			
January	29.11	29.76	30.43
February	29.32	29.73	30.60
March	29.44	29.70	30.82
April	29.68	29.59	28.87
May	29.66	29.75	28.87
June	29.21	29.89	28.82

U. S. PRODUCTION AND IMPORTS OF WOOL AND WOOL PRODUCTS



* SHORN AND PULLED WOOL. Δ DUTIABLE WOOLS.
 † RAW WOOL CONTENT OF IMPORT TRADE BALANCE OF APPAREL WOOL TEXTILE PRODUCTS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2924-64 (6) ECONOMIC RESEARCH SERVICE

Figure 98

Wool: Domestic production, imports of raw wool, and the foreign trade import balance of wool textile products, clean basis, United States, 1953 to date

Year	Domestic production			Imports of raw wool			Foreign trade import balance of wool textile products		
	1/			2/			3/		
	Shorn	Pulled	Total	Dutiable	Duty-free	Total	Apparel wool	Carpet wool	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1953	102.2	31.6	133.8	165.7	128.6	294.3	47.6	9.4	57.0
1954	103.8	32.6	136.4	103.9	102.1	206.0	46.8	8.7	55.5
1955	106.2	31.2	137.4	112.8	136.0	248.7	64.0	11.9	75.9
1956	106.6	30.4	136.9	103.8	143.1	246.9	72.0	13.4	85.4
1957	105.2	25.2	130.4	78.2	121.0	199.2	67.0	13.6	80.6
1958	107.2	22.8	130.0	67.1	122.6	189.7	70.5	15.1	85.6
1959	114.4	25.9	140.2	100.5	191.6	292.1	96.9	25.1	122.0
1960	119.5	25.2	144.7	74.3	153.9	228.2	98.9	28.5	127.4
1961	117.6	25.9	143.4	90.3	157.3	247.7	95.2	27.7	122.9
1962	112.1	22.4	134.5	125.8	143.5	269.2	112.3	29.0	141.3
1963 ^{4/}	107.2	21.6	128.8	109.2	168.0	277.2	125.4	21.5	147.0

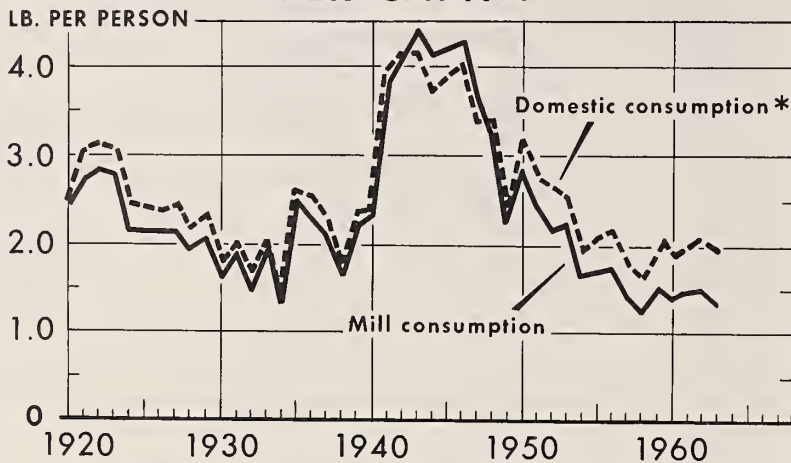
1/ Production as reported converted on the basis of 44 percent yield for shorn wool for 1953 through 1959 and 45 percent yield for 1960 to date and 75 percent yield for pulled wool 1953 to date.

2/ Imports of raw wool for consumption.

3/ Raw wool content of semiprocessed and manufactured wool textile products.

4/ Preliminary.

U. S. APPAREL WOOL CONSUMPTION PER CAPITA



MILL CONSUMPTION PLUS WOOL EQUIVALENT OF TRADE BALANCE IN APPAREL WOOL TEXTILES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5-64 (6) ECONOMIC RESEARCH SERVICE

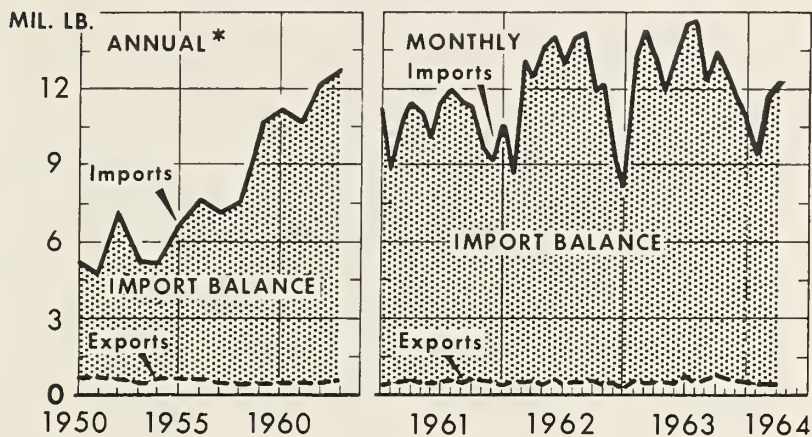
Figure 99

Per capita domestic consumption of wool: United States,
averages 1920-24 to 1940-44, and annual 1945 to date ^{1/}

Year	Mill consumption			Trade balance			Domestic consumption ^{2/}		
	Apparel: wool	Carpet: wool	Total	Apparel: wool	Carpet: wool	Total	Apparel: wool	Carpet: wool	Total
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
Average									
1920-24	2.61	0.70	3.31	0.24	0.07	0.30	2.85	0.77	3.62
1925-29	2.10	.84	2.94	.23	.09	.32	2.34	.93	3.27
1930-34	1.67	.50	2.17	.07	.04	.12	1.74	.54	2.28
1935-39	2.18	.74	2.93	.13	.03	.16	2.31	.77	3.08
1940-44	3.79	.53	4.31	-.11	.01	-.09	3.68	.54	4.22
1945	4.21	.40	4.61	-.32	.03	-.29	3.90	.43	4.32
1946	4.31	.90	5.22	-.30	.03	-.27	4.01	.94	4.94
1947	3.65	1.20	4.85	-.24	.03	-.21	3.41	1.22	4.64
1948	3.31	1.42	4.73	.10	.05	.15	3.41	1.47	4.88
1949	2.27	1.08	3.35	.18	.04	.22	2.45	1.13	3.58
1950	2.88	1.30	4.18	.31	.07	.37	3.19	1.37	4.56
1951	2.48	.66	3.14	.26	.05	.31	2.74	.71	3.45
1952	2.21	.76	2.97	.47	.05	.52	2.68	.81	3.49
1953	2.24	.85	3.10	.30	.06	.36	2.54	.91	3.45
1954	1.66	.71	2.37	.29	.05	.34	1.95	.76	2.71
1955	1.70	.80	2.50	.39	.07	.46	2.09	.87	2.96
1956	1.76	.86	2.62	.43	.08	.51	2.19	.94	3.13
1957	1.41	.75	2.15	.39	.08	.47	1.80	.83	2.62
1958	1.22	.68	1.90	.41	.09	.49	1.62	.77	2.39
1959	1.50	.96	2.46	.55	.14	.69	2.04	1.10	3.15
1960	1.36	.91	2.27	.55	.16	.71	1.91	1.07	2.98
1961	1.43	.81	2.24	.52	.15	.67	1.95	.96	2.91
1962	1.50	.80	2.30	.60	.16	.76	2.10	.95	3.05
1963 ^{3/}	1.33	.85	2.17	.66	.11	.78	1.99	.96	2.95

^{1/} Per capita was determined from individual data. ^{2/} Mill consumption of wool adjusted for imports and exports of wool manufactures. ^{3/} Preliminary.

IMPORTS AND EXPORTS OF WOOL TEXTILE PRODUCTS



RAW WOOL EQUIVALENT OF U. S. FOREIGN TRADE IN SEMIPROCESSED AND MANUFACTURED WOOL TEXTILE PRODUCTS. * MONTHLY AVERAGES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1397X-64 (7) ECONOMIC RESEARCH SERVICE

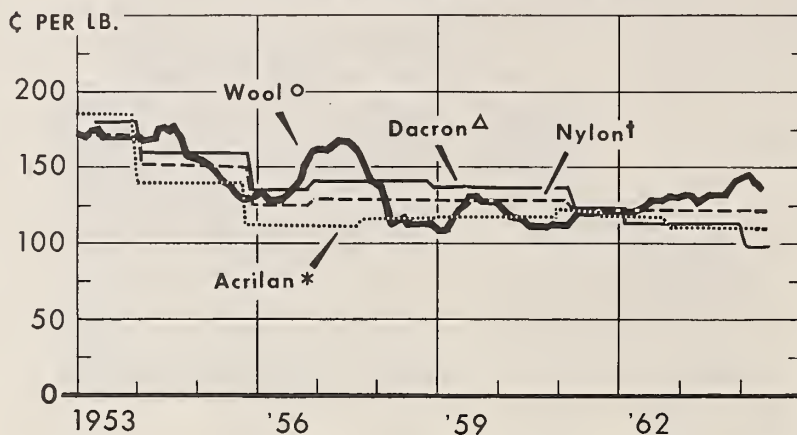
Figure 100

Raw wool equivalent of U. S. foreign trade in semiprocessed and manufactured wool textile products, 1950-63

Year and month	Exports	Imports	Import trade balance
	1,000 <u>pounds</u>	1,000 <u>pounds</u>	1,000 <u>pounds</u>
1950	628	5,317	4,689
1951	680	4,699	4,019
1952	506	7,333	6,827
1953	414	5,164	4,750
1954	463	5,088	4,625
1955	459	6,783	6,324
1956	572	7,590	7,118
1957	380	7,098	6,718
1958	381	7,516	7,135
1959	411	10,577	10,166
1960	391	11,011	10,620
1961	378	10,622	10,244
1962	364	12,136	11,772
1963	466	12,722	12,256

Compiled from reports of the Bureau of the Census.

PRICES OF SELECTED MAN-MADE FIBERS AND WOOL



MONTHLY DATA. ○ GRADED TERRITORY SHORN WOOL, FINE GOOD FRENCH COMBING AND STAPLE, AT BOSTON.
 ▲ POLYESTER STAPLE AND TOW, 3 DENIER. † STAPLE AND TOW, 3 & 6 DENIER. * STAPLE, 3 DENIER.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1398 X-64 (6) ECONOMIC RESEARCH SERVICE

Figure 101

Price per pound of graded territory shorn wool and selected man-made fibers, 1953 to date

Year	Wool 1/	Dacron 2/	Nylon 3/	Acrilan 4/
	Cents	Cents	Cents	Cents
1953	173.0	---	---	185.0
1954	170.6	161.7	157.1	140.0
1955	142.1	157.9	147.9	135.3
1956	137.1	135.5	125.2	112.0
1957	161.3	141.0	128.0	113.0
1958	118.5	140.6	128.0	116.0
1959	121.6	136.0	128.0	118.0
1960	116.5	136.0	128.0	118.0
1961	118.4	127.0	125.0	5/120.7
1962	124.7	114.8	124.0	116.7
1963	132.6	114.0	124.0	110.0

1/ Graded territory shorn, fine good French combing and staple, at Boston.

2/ Polyester staple and tow, 3 denier.

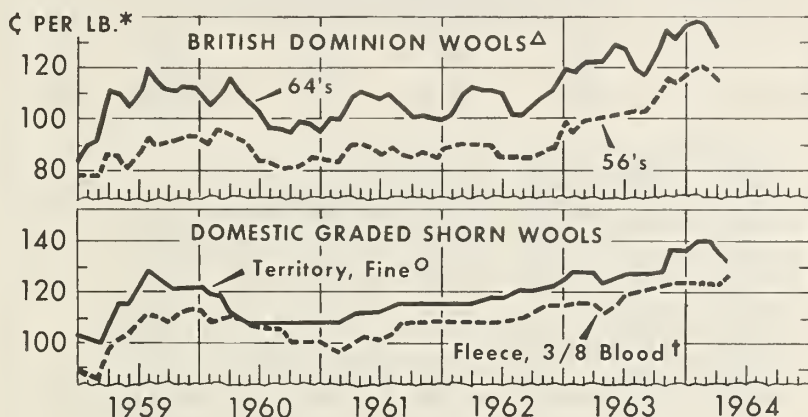
3/ Staple and tow, 3 and 6 denier.

4/ Staple, 3 and 5 denier.

5/ Beginning November 1961 staple only, 3 denier.

Compiled from Weekly Review of the Boston Wool Market and Modern Textile Magazine.

UNITED STATES AND BRITISH DOMINION WOOL PRICES



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1487-64 (5) ECONOMIC RESEARCH SERVICE

Figure 102

Wool: United States and British Dominion prices, 1959 to date

Year	January	February	March	April	May	June
	Cents	Cents	Cents	Cents	Cents	Cents
British Dominion wool - 64's $\frac{1}{2}$						
1959	85.4	90.1	92.6	110.3	110.2	106.6
1960	112.0	106.3	108.7	115.9	108.7	107.4
1961	95.9	100.3	101.4	108.4	111.8	110.4
1962	100.7	107.9	112.6	114.9	113.7	113.5
1963	120.4	119.1	122.5	123.7	123.7	127.2
1964	134.1	138.7	137.6	129.5	119.0	121.1
British Dominion wool - 64's $\frac{1}{2}$ - Continued						
	July	August	September	October	November	December
1959	109.0	119.4	114.5	111.1	110.9	113.1
1960	102.9	96.0	96.1	94.9	98.5	97.1
1961	108.0	109.8	106.6	100.9	102.0	100.7
1962	112.3	105.1	105.0	107.3	108.6	111.0
1963	126.0	120.1	118.9	123.6	134.1	131.7

Continued-

Wool: United States and British Dominion prices, 1959 to date -Continued

Year	January	February	March	April	May	June
	Cents	Cents	Cents	Cents	Cents	Cents
British Dominion wool - 56's 1/						
1959	77.2	77.3	77.3	86.8	86.8	80.9
1960	94.5	89.9	97.0	96.0	93.5	93.4
1961	86.5	86.3	85.1	89.8	93.1	91.8
1962	85.5	88.0	89.2	90.3	90.2	90.1
1963	98.2	95.8	98.0	99.2	100.3	100.3
1964	117.8	120.0	118.9	114.3	107.3	105.9
	July	August	September	October	November	December
1959	86.7	94.8	90.0	92.4	92.3	94.4
1960	85.4	85.5	82.0	82.0	83.2	86.6
1961	85.9	91.1	87.9	86.8	88.0	86.6
1962	85.4	86.5	85.2	85.2	87.6	89.9
1963	100.4	102.7	101.4	108.4	116.6	115.4
	January	February	March	April	May	June
	Cents	Cents	Cents	Cents	Cents	Cents
Domestic graded shorn wool - territory, fine 2/						
1959	103.8	101.2	99.5	107.9	115.0	115.0
1960	122.5	118.0	117.5	113.2	108.8	107.5
1961	107.5	107.5	107.5	110.0	112.5	112.5
1962	115.5	115.5	115.5	115.5	116.3	117.5
1963	124.5	127.5	127.5	127.5	122.5	124.2
1964	137.5	140.0	140.0	136.5	132.5	132.5
	July	August	September	October	November	December
1959	123.0	127.5	125.5	122.5	122.5	122.5
1960	107.5	107.5	107.5	107.5	107.5	107.5
1961	112.5	114.7	115.5	115.5	115.5	115.5
1962	117.5	119.5	120.0	120.0	121.2	122.5
1963	126.0	126.0	126.0	127.1	127.5	137.5
	January	February	March	April	May	June
	Cents	Cents	Cents	Cents	Cents	Cents
Domestic graded fleece - 3/8 blood 3/						
1959	90.8	87.0	86.0	96.2	102.6	102.5
1960	112.5	108.0	107.5	109.5	109.0	108.8
1961	102.5	98.8	97.5	99.2	102.0	102.2
1962	107.5	107.5	107.5	107.5	107.5	107.5
1963	114.5	115.4	116.0	115.1	112.5	114.0
1964	125.5	125.5	125.5	125.5	128.9	130.0
	July	August	September	October	November	December
1959	108.5	111.5	109.8	107.2	111.2	112.5
1960	107.0	106.5	106.5	103.6	102.5	102.5
1961	101.0	105.2	107.5	107.5	107.5	107.5
1962	107.5	107.5	108.5	111.1	114.5	114.5
1963	117.5	117.5	119.1	120.5	122.6	125.5

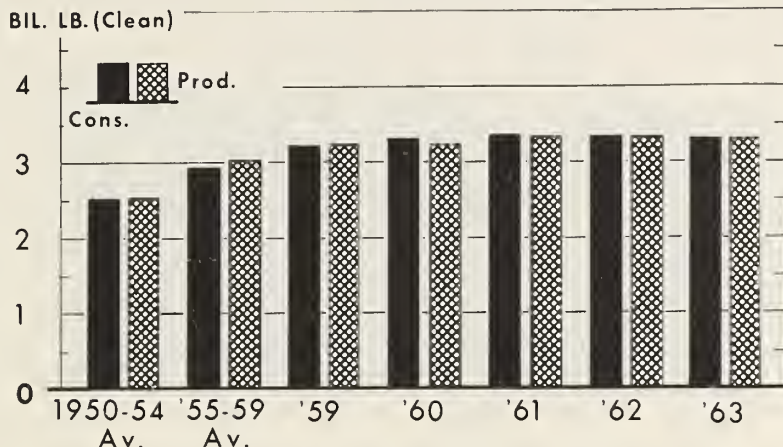
1/ Average price of all wool delivered United Kingdom.

2/ Average and Good French Combing (64's and Finer) at Boston.

3/ Good French Combing and Staple (56's and 58's) at Boston.

Compiled from reports of New Zealand Wool Commission and Weekly Review of the Boston Wool Market.

WORLD WOOL CONSUMPTION AND PRODUCTION



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1396X-64 (6) ECONOMIC RESEARCH SERVICE

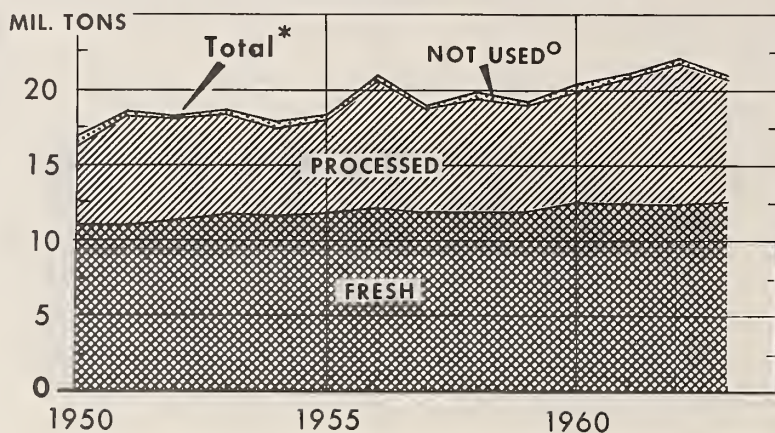
Figure 103

Wool: World consumption and production, 1950 to date

Calendar year	World consumption	Marketing year	World production	
	Clean		Clean	Grease
	Million pounds		Million pounds	Million pounds
1950	2,652	1950-51	2,329	4,022
1951	2,288	1951-52	2,357	4,104
1952	2,336	1952-53	2,549	4,459
1953	2,648	1953-54	2,580	4,556
1954	2,565	1954-55	2,625	4,628
1955	2,662	1955-56	2,784	4,904
1956	2,866	1956-57	2,950	5,105
1957	2,952	1957-58	2,889	5,050
1958	2,757	1958-59	3,051	5,358
1959	3,172	1959-60	3,222	5,625
1960	3,296	1960-61	3,231	5,603
1961	3,318	1961-62	3,279	5,713
1962	3,310	1962-63	3,286	5,689
1963	3,341	1963-64	3,327	5,761
Average:		Average:		
1950-54	2,498	1950-54	2,488	4,354
1955-59	2,882	1955-59	2,979	5,208

Compiled from reports of Commonwealth Economic Committee and Foreign Agricultural Service.

PRODUCTION OF FRESH AND PROCESSED VEGETABLES



* INCLUDING MELONS. ° UNHARVESTED ON ACCOUNT OF ECONOMIC CONDITIONS, AND SHRINKAGE AND LOSS OF DRY ONIONS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 341A- 64 (5) ECONOMIC RESEARCH SERVICE

Figure 104

Commercial vegetables and melons: Production and use, United States, 1950-63

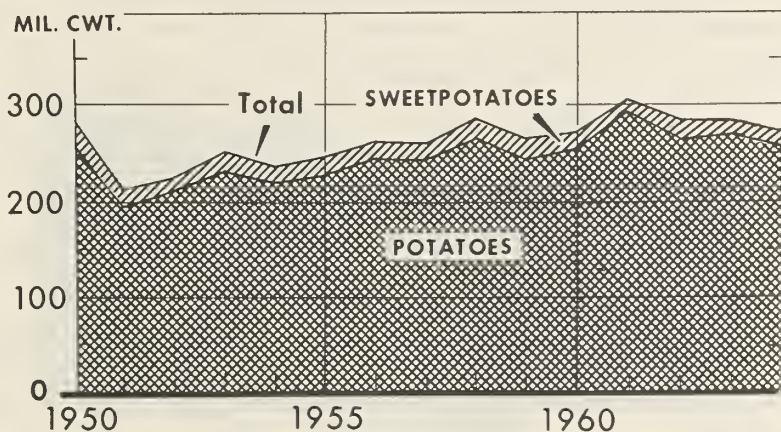
Year	Fresh	Processed	Fresh and processed	Not used ^{1/}	Total
	Million tons	Million tons	Million tons	Million tons	Million tons
1950	11.0	5.2	16.2	0.7	16.9
1951	11.0	7.2	18.2	.3	18.5
1952	11.3	6.7	18.0	.1	18.1
1953	11.7	6.6	18.3	.3	18.6
1954	11.5	5.9	17.4	.4	17.8
1955	11.7	6.2	17.9	.3	18.2
1956	12.1	8.4	20.5	.4	20.9
1957	11.8	6.8	18.6	.2	18.8
1958	11.9	7.5	19.4	.5	19.9
1959	11.9	7.0	18.9	.3	19.2
1960	12.5	7.4	19.9	.5	20.4
1961	12.5	8.2	20.7	.3	21.0
1962	12.5	9.3	21.8	.3	22.1
1963 ^{2/}	12.6	8.0	20.6	.3	20.9

^{1/} Unharvested on account of economic conditions, and shrinkage and loss of dry onions.

^{2/} Preliminary.

Data from Total Commercial Production of All Vegetables and Melons for Fresh Market and Processing, SRS, USDA.

PRODUCTION OF POTATOES AND SWEETPOTATOES



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1291X-64 (7) ECONOMIC RESEARCH SERVICE

Figure 105

Potatoes and sweetpotatoes: Production,
United States, 1950-64

Year	Potatoes	Sweetpotatoes	Year	Potatoes	Sweetpotatoes
	<u>1,000 cwt.</u>	<u>1,000 cwt.</u>		<u>1,000 cwt.</u>	<u>1,000 cwt.</u>
1950	259,112	27,269	1957	242,522	18,057
1951	195,776	15,998	1958	266,897	17,571
1952	211,095	16,040	1959	245,799	18,865
1953	231,679	18,998	1960	257,435	15,445
1954	219,547	17,198	1961	293,594	15,213
1955	227,696	21,608	1962	266,703	19,362
1956	245,792	17,381	1963 ^{1/}	271,730	16,137
			1964	<u>2/255,005</u>	<u>2/15,438</u>

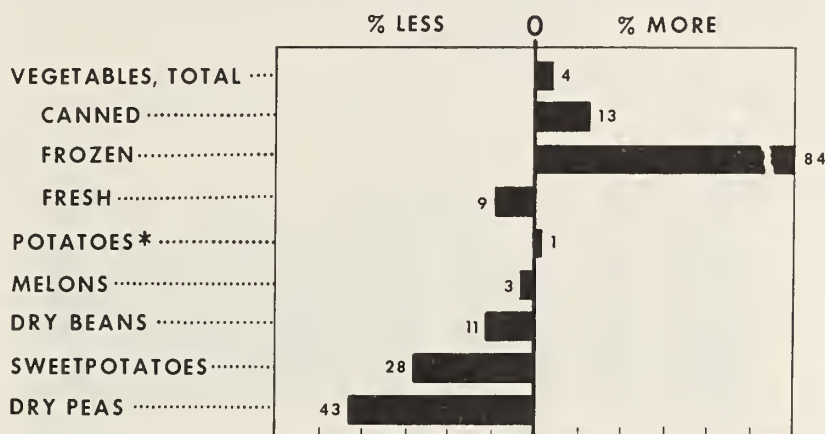
^{1/} Preliminary.

^{2/} August 1 indications.

Data from Crop Production, SRS, USDA, annual and monthly reports.

Change From 1950-52 to 1963

VEGETABLE USE PER PERSON



CIVILIAN PER CAPITA CONSUMPTION - FRESH EQUIVALENT BASIS EXCEPT DRY BEANS AND PEAS, DRY WEIGHT.

* INCLUDES FRESH WEIGHT EQUIVALENT OF CANNED AND FROZEN.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3012-64 (7) ECONOMIC RESEARCH SERVICE

Figure 107

Civilian per capita consumption of vegetables, by commodity group, United States, 1950-52 average and 1963 ^{1/}

Item	1950-52 average	1963 ^{2/}	1963 as percent of 1950-52 average
	Pounds	Pounds	Percent
Vegetables, total	199.9	207.1	104
Fresh	112.9	102.2	91
Frozen ^{3/}	9.3	17.1	184
Canned ^{3/}	77.7	87.8	113
Melons	25.5	24.7	97
Potatoes ^{4/}	107.5	108.6	101
Sweetpotatoes ^{4/}	10.0	7.2	72
Dry Beans	8.3	7.4	89
Dry Peas	.7	.4	57

^{1/} All data for calendar year except dry field peas on crop year basis.

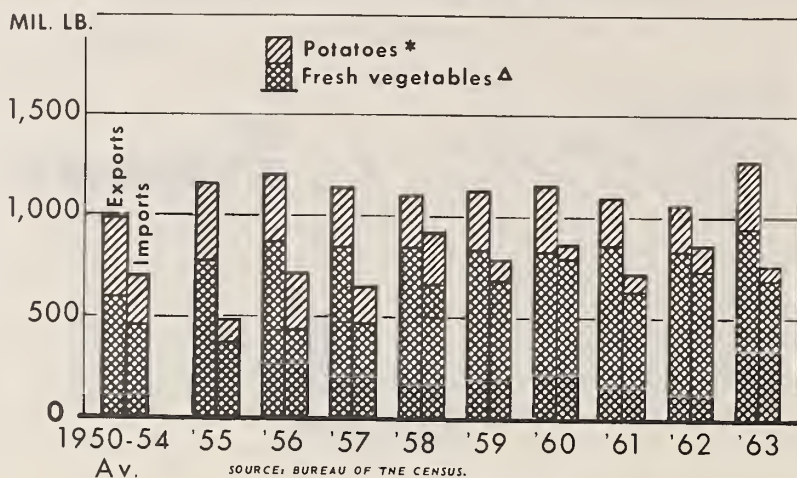
^{2/} Preliminary

^{3/} Fresh weight equivalent. Excludes baby foods and soups.

^{4/} Includes fresh weight equivalent of canned and frozen.

Compiled from data in the October 1963 issue of the Vegetable Situation, ERS, USDA.

FRESH VEGETABLE AND POTATO TRADE



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2288

FOREIGN AGRICULTURAL SERVICE

Figure 108

Vegetables and potatoes ^{1/}: United States exports
and imports, average 1950-54,
annual 1955-63

Year	Fresh			
	Vegetables ^{2/}		Potatoes	
	Exports	Imports	Exports	Imports ^{3/}
	Million pounds	Million pounds	Million pounds	Million pounds
1950-54 average	579.1	451.9	401.9	235.7
1955	779.0	363.3	394.3	124.3
1956	881.2	435.3	337.0	278.1
1957	850.3	465.9	300.1	165.9
1958	867.0	666.2	272.3	256.6
1959	845.1	696.4	295.9	92.0
1960	834.6	811.3	338.1	51.3
1961	862.0	619.0	235.9	70.5
1962	827.0	741.1	227.7	107.9
1963	948.8	686.9	325.9	72.9

^{1/} Does not include dry beans and peas.

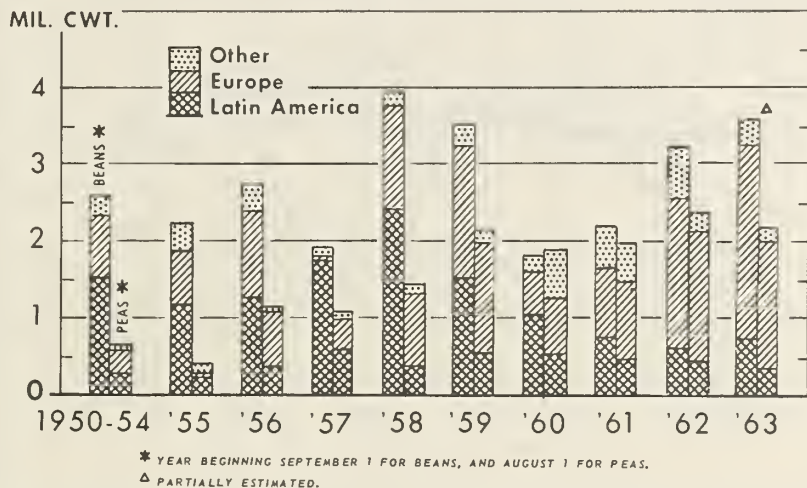
^{2/} Including melons.

^{3/} Tablestock and seed.

Data compiled from reports of the U. S. Department of Commerce, Bureau of the Census.

Foreign Agricultural Service.

BEANS AND PEAS, DRY EDIBLE: U. S. EXPORTS BY AREAS OF DESTINATION



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2353 FOREIGN AGRICULTURAL SERVICE

Figure 109

Beans and Peas, dry edible: United States exports
by areas of destination, average 1950-54,
annual 1955-63

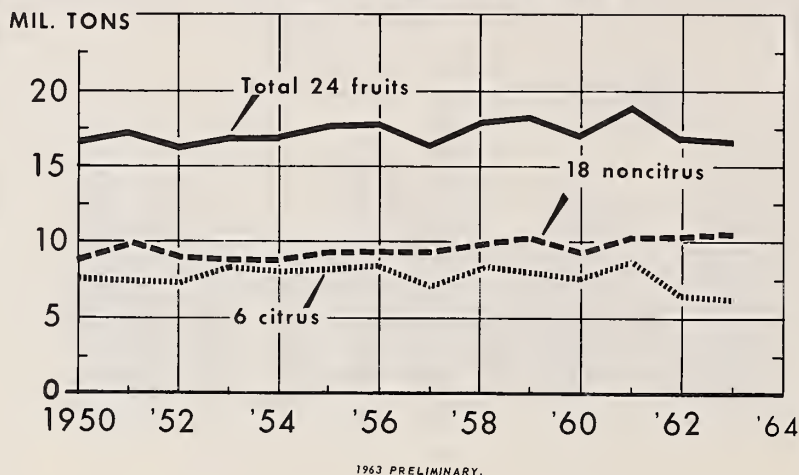
Year ^{1/}	Beans				Peas			
	Latin America	Europe	Other areas	Total	Latin America	Europe	Other areas	Total
	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.
1950-54 average	1,539	815	238	2,592	296	302	95	693
1955	1,169	705	351	2,225	229	82	97	408
1956	1,292	1,105	357	2,754	352	721	100	1,173
1957	1,735	42	185	1,962	570	403	95	1,068
1958	2,429	1,367	151	3,947	396	944	114	1,454
1959	1,532	1,763	229	3,524	573	1,420	183	2,176
1960	1,046	592	181	1,819	538	1,143	143	1,824
1961	746	908	548	2,202	497	1,330	168	1,995
1962	625	1,969	630	3,224	455	1,654	259	2,368
1963 ^{2/}	750	2,500	350	3,600	350	1,650	200	2,200

^{1/} Year beginning September 1 for beans, and August 1 for peas.

^{2/} Partially estimated.

Data compiled from reports of the U. S. Department of Commerce, Bureau of the Census.

PRODUCTION OF CITRUS AND NONCITRUS FRUITS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ER5 1287X-64 (5) ECONOMIC RESEARCH SERVICE

Figure 110

Production of citrus and noncitrus fruits, United States, 1950-63

Crop year beginning	6 citrus fruits 1/	18 noncitrus fruits 2/	24 fruits
	1,000 tons	1,000 tons	1,000 tons
1950	7,537	8,925	16,462
1951	7,368	9,819	17,187
1952	7,329	8,986	16,315
1953	8,220	8,678	16,898
1954	8,002	8,895	16,897
1955	8,175	9,293	17,468
1956	8,278	9,388	17,666
1957	7,047	9,278	16,325
1958	8,112	9,741	17,853
1959	7,938	10,231	18,169
1960	7,545	9,435	16,980
1961	8,600	10,188	18,788
1962	6,482	10,366	16,848
1963 3/	6,101	10,479	16,580

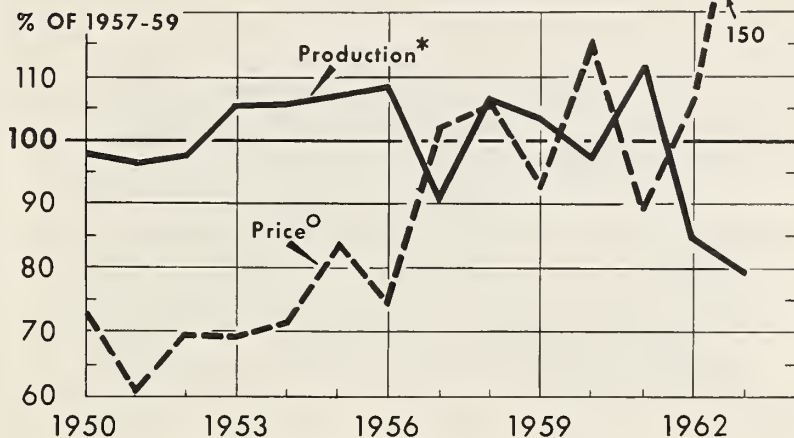
1/ Oranges, tangerines, grapefruit, lemons, limes, and tangelos.

2/ Apples (commercial crop), peaches, nectarines, pears, grapes, cherries (sweet and sour), plums, prunes, apricots, figs, olives, avocados, dates, cranberries, pineapple, persimmons, pomegranates, and strawberries.

3/ Preliminary.

Compiled from reports of the Crop Reporting Board (SRS).

CITRUS FRUIT PRODUCTION AND PRICES



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2042- 64 (7) ECONOMIC RESEARCH SERVICE

Figure 111

Citrus fruits: Index numbers of production and prices, United States, 1950-63 ^{1/}

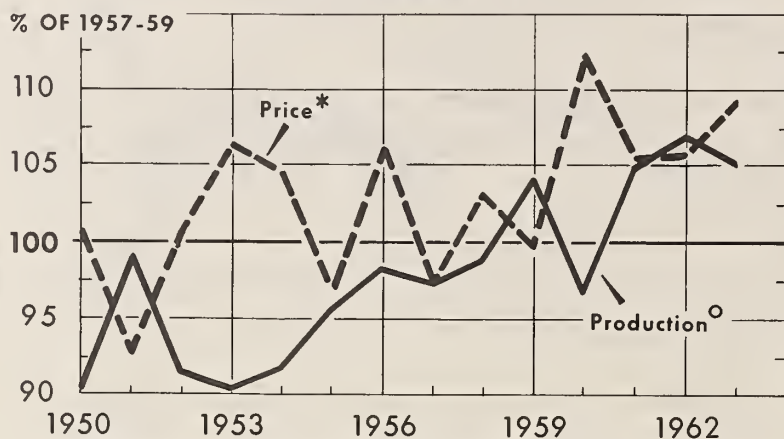
(1957-59=100)

Crop year beginning	Production	Price
1950	97.7	72.3
1951	96.2	60.6
1952	97.1	69.6
1953	105.3	69.2
1954	105.7	70.6
1955	107.1	83.7
1956	108.0	74.5
1957	90.5	101.9
1958	106.2	105.3
1959	103.3	92.8
1960	97.0	115.4
1961	111.1	88.6
1962	84.6	107.4
1963 ^{2/}	79.2	(150)

^{1/} Oranges, grapefruit, lemons, tangerines, and limes. Production weighted by price and price weighted by production, 1957-59 data.

^{2/} Preliminary.

NONCITRUS FRUIT PRODUCTION AND PRICES



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2041-64 (7) ECONOMIC RESEARCH SERVICE

Figure 112

Noncitrus fruits: Index numbers of production and prices,
United States, 1950-63 ^{1/}

(1957-59=100)

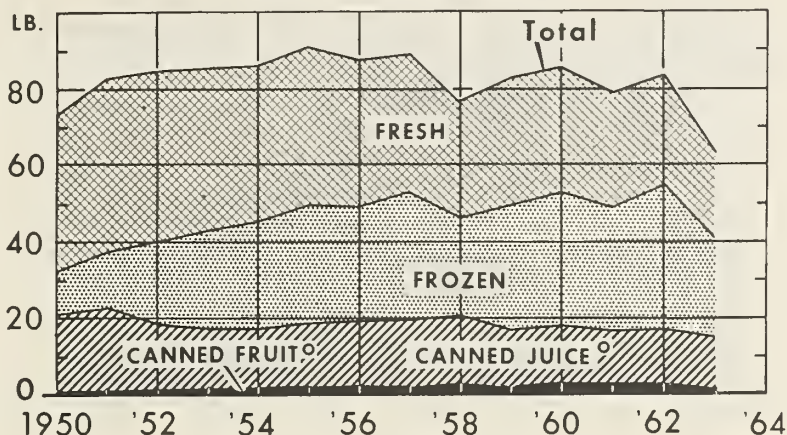
Year	Production	Price
1950	90.4	101.0
1951	99.0	92.7
1952	91.5	100.4
1953	90.2	106.3
1954	91.6	104.5
1955	95.5	96.9
1956	98.1	106.1
1957	97.3	97.2
1958	98.7	103.0
1959	104.0	99.8
1960	96.7	112.3
1961	104.8	105.5
1962	106.8	105.7
1963 ^{2/}	105.0	109.2

^{1/} Apples, apricots, avocados, cherries, cranberries, dates, figs, grapes, nectarines, olives, peaches, pears, plums, prunes, and strawberries. Production weighted by price and price weighted by production, 1957-59 data.

^{2/} Preliminary.

CITRUS CONSUMPTION PER PERSON

Fresh Equivalent Basis



○ INCLUDES CHILLED.

1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1318x-64 (5) ECONOMIC RESEARCH SERVICE

Figure 113

Citrus fruit: Consumption per person,
United States, 1950-63 ^{1/}

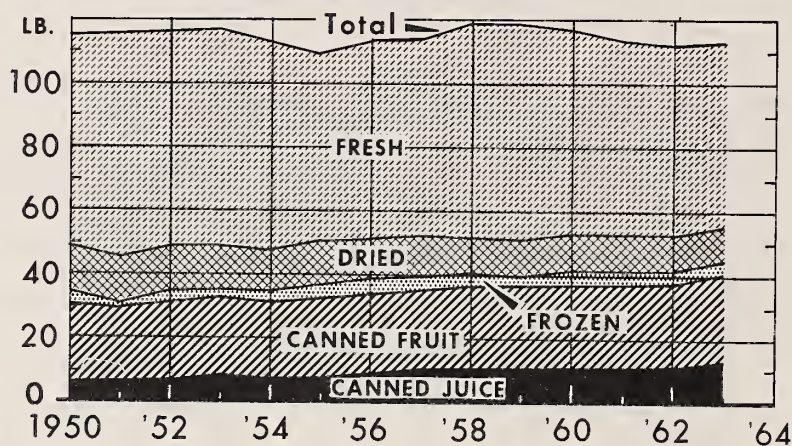
Year	Fresh	Processed					Total processed	Total
		Canned		Chilled		Frozen juice		
		Fruit	Juice	Fruit	Juice			
Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	
1950	41.3	1.5	19.8	---	---	10.8	32.1	73.4
1951	45.1	1.7	20.8	---	---	15.2	37.7	82.8
1952	44.4	1.5	17.0	---	---	21.5	40.0	84.4
1953	43.4	1.8	16.0	---	---	24.4	42.2	85.6
1954	41.2	1.9	15.8	---	---	27.1	44.8	86.0
1955	41.2	2.2	14.9	---	1.7	30.9	49.7	90.9
1956	38.5	2.0	14.3	0.4	2.0	30.3	49.0	87.5
1957	36.5	1.5	14.1	.5	3.1	33.0	52.2	88.7
1958	30.5	2.1	14.3	.5	3.3	25.8	46.0	76.5
1959	33.4	1.5	10.9	.6	3.2	32.6	48.8	82.2
1960	33.3	1.9	11.6	.8	3.7	34.3	52.3	85.6
1961	30.4	1.7	10.8	.8	2.9	32.3	48.5	78.9
1962	29.0	1.8	10.5	.8	3.8	37.3	54.2	83.2
1963 <u>2/</u>	21.9	1.2	10.5	.7	2.8	25.4	40.6	62.5

^{1/} Fresh equivalent basis.

^{2/} Preliminary.

NONCITRUS CONSUMPTION PER PERSON

Fresh Equivalent Basis



1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1317X-64 (7) ECONOMIC RESEARCH SERVICE

Figure 114

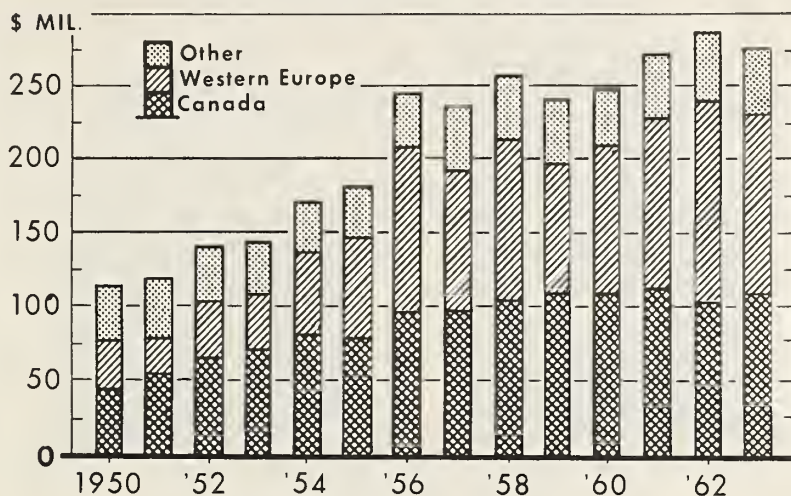
Noncitrus fruit: Consumption per person,
United States, 1950-63 ^{1/}

Year	Fresh	Processed					Total
		Canned	Canned juice	Frozen	Dried	Total processed	
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
1950	65.5	24.8	6.7	2.9	14.6	49.0	114.5
1951	70.1	22.0	7.0	2.7	14.0	45.7	115.8
1952	67.7	23.9	7.7	3.2	13.5	48.3	116.0
1953	67.7	24.0	8.4	3.0	13.4	48.8	116.5
1954	64.5	23.6	7.7	3.1	13.4	47.8	112.3
1955	59.4	25.1	8.0	3.9	13.3	50.3	109.7
1956	62.2	24.4	9.7	4.2	12.7	51.0	113.2
1957	61.9	25.4	10.3	3.8	12.5	52.0	113.9
1958	66.6	25.6	10.8	3.8	11.5	51.7	118.3
1959	67.5	25.3	10.9	3.5	10.9	50.6	118.1
1960	64.2	26.0	11.6	3.7	11.2	52.5	116.7
1961	61.6	26.5	11.2	3.7	10.8	52.2	113.8
1962	59.9	25.9	11.8	3.9	10.9	52.5	112.4
1963 ^{2/}	58.2	26.9	13.5	4.0	11.1	55.5	113.7

^{1/} Fresh equivalent basis.

^{2/} Preliminary.

U. S. FRUIT EXPORTS



SOURCE: BUREAU OF THE CENSUS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. FA5 2287

FOREIGN AGRICULTURAL SERVICE

Figure 115

Fruit and fruit preparations: United States exports,
by area of destination, 1950-63

Year	Canada	Western Europe	Other	Total
	Million dollars	Million dollars	Million dollars	Million dollars
1950	44.9	30.4	36.3	111.6
1951	54.3	24.1	40.0	118.4
1952	65.0	36.3	38.3	139.6
1953	70.2	37.7	34.6	142.5
1954	80.6	55.4	34.1	170.1
1955	78.8	67.8	35.0	181.6
1956	95.2	112.0	36.9	244.1
1957	96.9	96.5	41.9	235.3
1958	104.7	108.5	43.9	257.1
1959	109.6	88.3	42.9	240.8
1960	108.0	100.4	40.8	249.2
1961	111.6	116.9	43.4	271.9
1962	102.8	137.0	46.9	286.7
1963	110.2	121.2	44.8	276.2

Data compiled from reports of U. S. Department of Commerce, the Bureau of the Census.

Foreign Agricultural Service.

FLUE-CURED TOBACCO

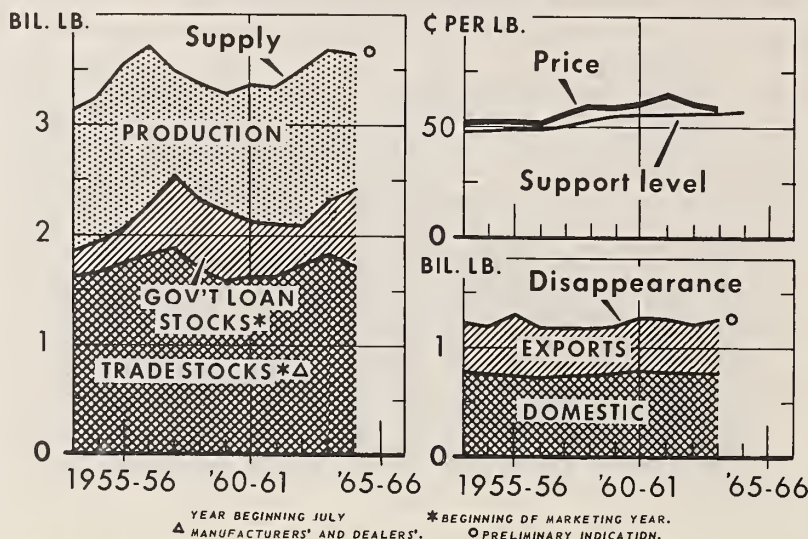


Figure 116

Flue-cured tobacco: Supply, disappearance, support level, and farmers' price, United States, 1953-64

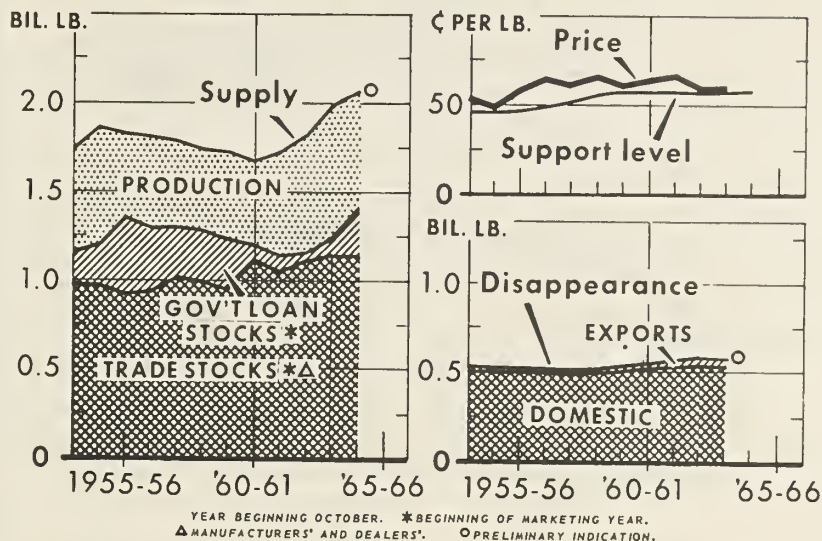
(Farm-sales weight)

Year begin- ning July 1	Stocks			Disappearance			Price per pound		
	Trade	Gov't loan	GOVERN- MENT Total	Produc- tion	Total supply	Domes- tic	Exports	Total	Received by farmers
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Ct. Ct.
1953	1,614	238	1,852	1,272	3,124	778	431	1,209	47.9
1954	1,636	279	1,915	1,314	3,229	744	429	1,173	47.9
1955	1,727	329	2,056	1,483	3,539	728	553	1,281	48.3
1956	1,802	456	2,258	1,423	3,681	705	465	1,170	48.9
1957	1,868	643	2,511	975	3,486	737	441	1,178	50.8
1958	1,691	617	2,308	1,081	3,389	736	443	1,179	54.6
1959	1,570	640	2,210	1,081	3,291	766	419	1,185	55.5
1960	1,602	504	2,106	1,251	3,357	792	475	1,267	55.5
1961	1,600	490	2,090	1,258	3,348	782	485	1,267	55.5
1962	1,731	350	2,081	1,408	3,489	777	431	1,208	56.1
1963	1,807	474	2,281	1,371	3,652	771	502	1,273	56.6
1964 1/	1,683	696	2,379	1,277	3,656				57.2

1/ Preliminary estimate, except the support level.

Data from Crop Production, Agricultural Prices, Tobacco Situation (ERS); stocks reports (AMS); and trade sources.

BURLEY TOBACCO



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 381-64 (7)

ECONOMIC RESEARCH SERVICE

Figure 117

Burley tobacco: Supply, disappearance, support level,
and farmers' price, United States, 1953-64

(Farm-sales weight)

Year	Stocks				Disappearance				Price per pound	
begin-										
ning										
Oct. 1	Trade	Govern-	ment	Produc-	Total	Domes-	Ex-	Total	Support	Received
	loan	ment	loan	tion	supply	tic	ports		level	by
										farmers
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Ct.	Ct.
	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.		
1953	965	198	1,163	564	1,727	494	35	529	46.6	52.5
1954	970	228	1,198	668	1,866	486	33	519	46.4	49.8
1955	916	431	1,347	470	1,817	484	34	518	46.2	58.6
1956	923	376	1,299	506	1,805	482	28	510	48.1	63.6
1957	1,018	277	1,295	488	1,783	478	28	506	51.7	60.3
1958	1,000	276	1,276	466	1,742	483	35	518	55.4	66.1
1959	994	230	1,224	502	1,726	499	36	535	57.2	60.6
1960	1,102	89	1,191	485	1,676	508	41	549	57.2	64.3
1961	1,039	88	1,127	580	1,707	525	45	570	57.2	66.5
1962	1,104	33	1,137	675	1,812	531	53	584	57.8	58.6
1963	1,134	94	1,228	755	1,983	1/522	1/50	1/572	58.3	59.1
1964 1/	1,130	280	1,410	667	2,077				58.9	

1/ Preliminary estimate, except the support level.

Data from Crop Production, Agricultural Prices, Tobacco Situation (ERS); stock reports (AMS).

CONSUMPTION OF CIGARETTES

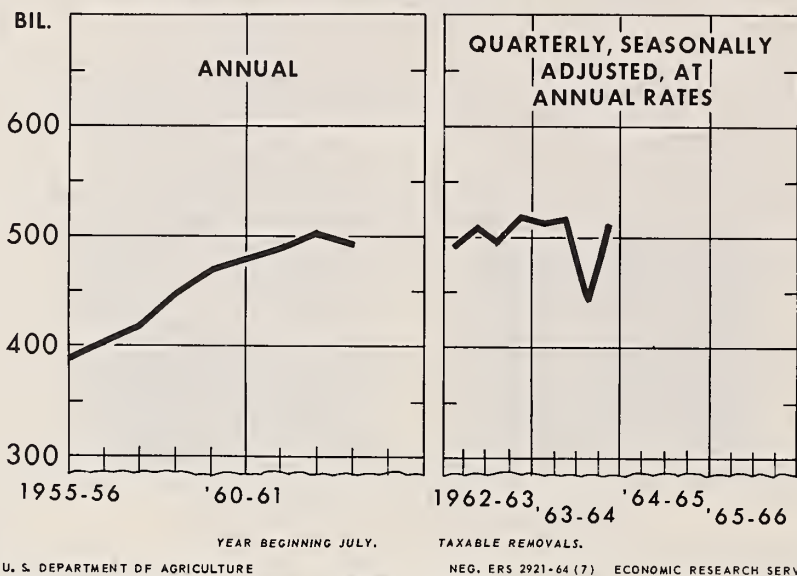


Figure 118

Taxable removals of cigarettes, 1955-63

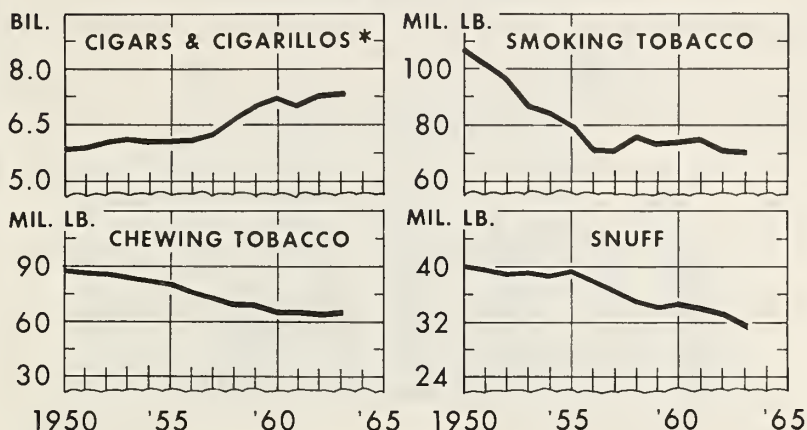
Year beginning July	:	Taxable removals
	:	
	:	
	:	<u>Billion</u>
Annual:	:	
1955	:	387
1956	:	402
1957	:	416
1958	:	444
1959	:	469
1960	:	479
1961	:	488
1962	:	503
1963	:	495
Quarterly: <u>1/</u>	:	
	:	
1962-63	:	
July-September	:	493
October-December	:	507
January-March	:	495
April-June	:	518
1963-64	:	
July-September	:	512
October-December	:	516
January-March	:	440
April-June	:	512

1/ Seasonally adjusted, at annual rates.

Annual and basic quarterly data compiled from reports of the Internal Revenue Service.

TOBACCO PRODUCTS

U. S. Output



* PRODUCED IN MAINLAND FACTORIES AND RECEIVED FROM PUERTO RICO.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1989- 64 (6) ECONOMIC RESEARCH SERVICE

Figure 119

United States output of specified tobacco products,
1950-63

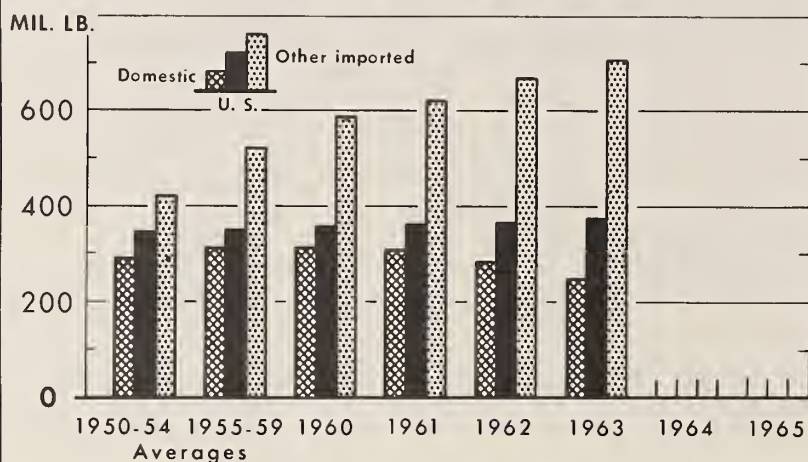
Year	Cigars and cigarillos ^{1/}	Smoking tobacco	Chewing tobacco	Snuff
	Million	Million pounds	Million pounds	Million pounds
1950	5,558	107.7	87.5	40.0
1951	5,774	101.3	86.4	39.5
1952	6,027	96.8	84.9	38.8
1953	6,131	86.6	83.8	39.1
1954	6,076	83.7	81.3	38.5
1955	6,087	80.0	80.0	39.2
1956	6,092	71.5	75.7	37.7
1957	6,267	70.5	72.4	36.1
1958	6,608	76.0	69.3	34.8
1959	7,001	73.2	68.2	34.3
1960	7,187	73.8	64.9	34.6
1961	6,998	74.2	65.2	33.8
1962	7,269	70.9	64.7	33.2
1963 ^{2/}	7,344	70.4	65.3	31.8

^{1/} Produced in mainland factories and received from Puerto Rico. Excludes small (approximately cigarette-size) cigars.

^{2/} Subject to revision

Compiled from reports of Internal Revenue Service and Bureau of the Census.

USE OF LEAF TOBACCO IN WESTERN EUROPE



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2326-64 FOREIGN AGRICULTURAL SERVICE

Figure 120

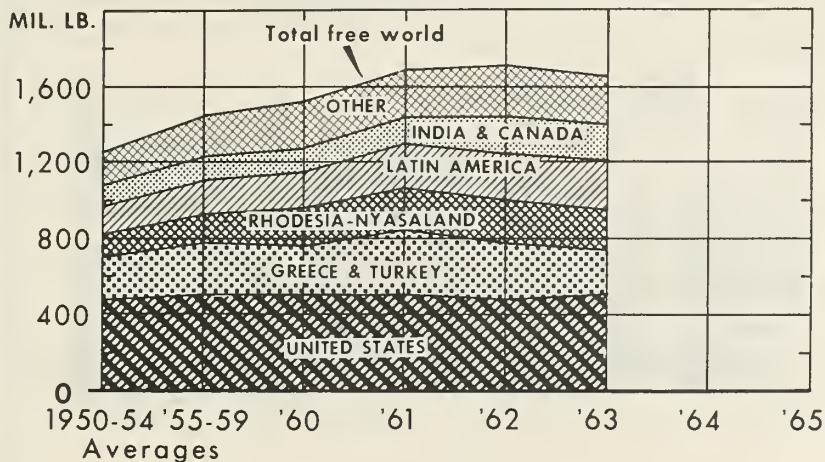
Tobacco: Estimated factory use in Western Europe, 1/
averages 1950-54 and 1955-59, annual 1960-63

Year	Total	Domestic leaf	Imported leaf			U. S. share	
			Total	United States	Other foreign	Total	Imported
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Percent
Averages:							
1950-54	1,054	286	768	345	423	32.7	44.9
1955-59	1,185	308	877	356	521	30.0	40.6
Annual:							
1960	1,254	309	945	359	586	28.6	38.0
1961	1,288	304	984	363	621	28.2	36.9
1962	1,318	283	1,035	365	670	27.7	35.3
1963	1,325	247	1,078	374	704	28.2	34.7

1/ Excludes Greece and Yugoslavia.

Foreign Agricultural Service.

FREE WORLD EXPORTS OF TOBACCO



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2325-64 FOREIGN AGRICULTURAL SERVICE

Figure 121

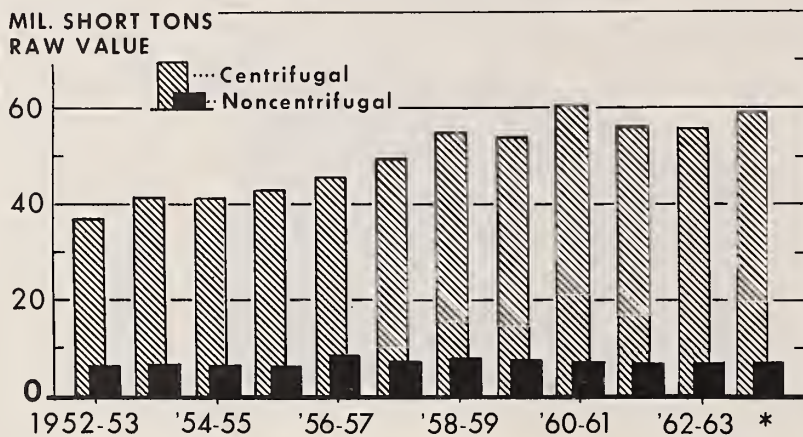
Tobacco: Free world exports by specified area,
averages 1950-54 and 1955-59, annual 1960-63

Area	Average 1950-54	Average 1955-59	1960	1961	1962	1963
United States	474	500	496	501	469	505
Greece and Turkey	221	274	262	340	304	233
Rhodesia and Nyasaland	117	149	192	210	216	213
Latin America	153	170	199	242	254	260
India and Canada	115	129	127	144	192	189
Others	171	213	245	244	255	245
Total	1,251	1,435	1,521	1,681	1,690	1,645

Foreign Agricultural Service.

WORLD PRODUCTION OF SUGAR

Centrifugal and Noncentrifugal



* PRELIMINARY INDICATION.

U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2335 FOREIGN AGRICULTURAL SERVICE

Figure 122

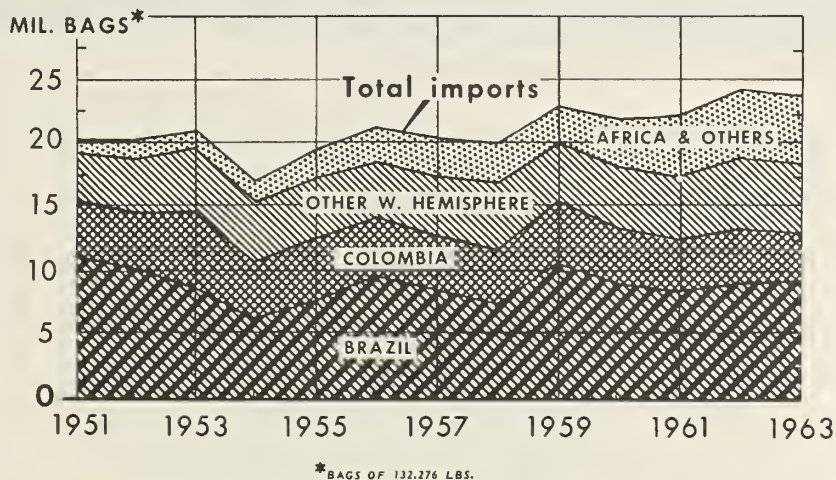
Sugar: World production, centrifugal and noncentrifugal

Crop Year	:	Centrifugal	:	Noncentrifugal
		Mil. short tons raw value	:	Mil. short tons raw value
1952-53	:	37.2	:	6.1
1953-54	:	41.4	:	6.4
1954-55	:	41.3	:	6.5
1955-56	:	42.9	:	6.4
1956-57	:	45.7	:	8.3
1957-58	:	49.1	:	7.2
1958-59	:	54.5	:	7.8
1959-60	:	53.9	:	7.8
1960-61	:	60.1	:	7.0
1961-62	:	56.4	:	6.8
1962-63	:	55.0	:	6.9
1963-64 ^{1/}	:	59.5	:	6.8

^{1/} Preliminary.

Foreign Agricultural Service.

U.S. COFFEE IMPORTS BY AREAS OF ORIGIN



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2333 FOREIGN AGRICULTURAL SERVICE

Figure 123

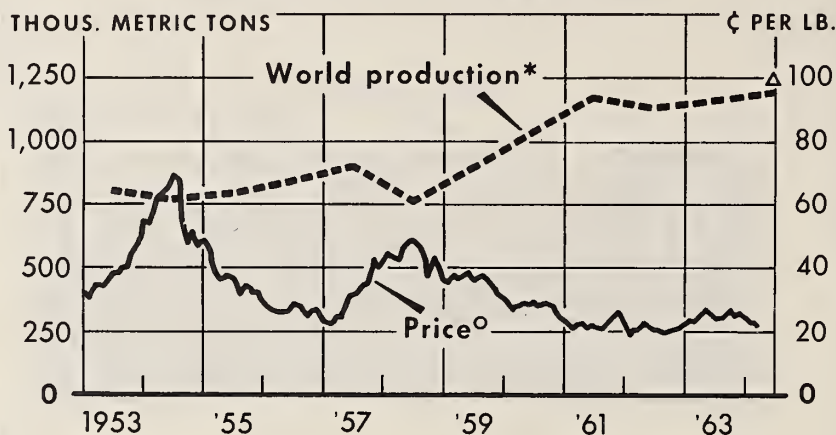
Coffee: U. S. imports, 1951-63

Year	Brazil	Colombia	Other Western Hemisphere	Africa and others	Total
	1,000 bags 1/	1,000 bags 1/	1,000 bags 1/	1,000 bags 1/	1,000 bags 1/
1951	11,000	4,233	4,058	1,026	20,317
1952	10,112	4,454	4,428	1,265	20,259
1953	8,971	5,600	4,928	1,530	21,029
1954	6,352	4,906	4,198	1,622	17,078
1955	7,694	4,933	4,704	2,313	19,644
1956	9,907	4,557	4,176	2,610	21,250
1957	8,889	4,054	4,574	3,275	20,792
1958	7,478	4,245	5,387	3,053	20,163
1959	10,564	4,902	4,636	3,071	23,173
1960	9,262	4,254	4,712	3,873	22,101
1961	8,576	4,078	4,890	4,789	22,333
1962	9,092	4,330	5,628	5,430	24,480
1963 2/	9,264	3,940	5,069	5,562	23,835

1/ Bags of 132.276 pounds.

2/ Preliminary.

WORLD PRODUCTION AND PRICES FOR COCOA BEANS



*CROP YEAR ENDING SEPTEMBER 30.
△PRELIMINARY INDICATIONS FOR 1964.

°NEW YORK SPOT "ACCRA," BY MONTHS

U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2334 FOREIGN AGRICULTURAL SERVICE

Figure 124

Cocoa beans: World production, 1953-64

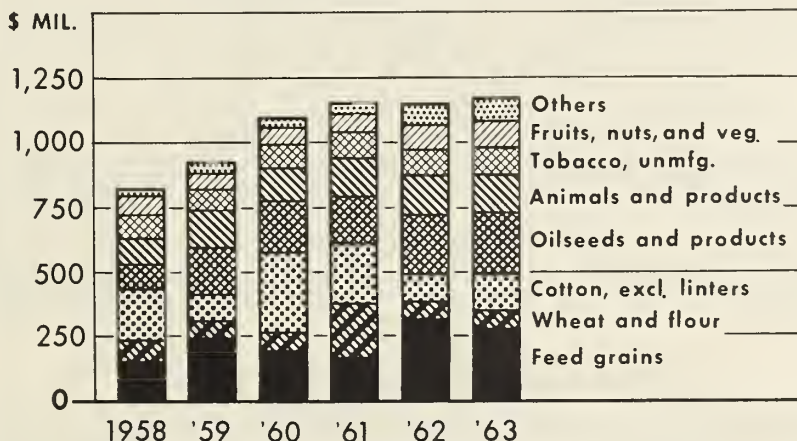
Year 1/	Production	Year 1/	Production
	1,000 Metric tons		1,000 Metric tons
1953	806	1959	898
1954	768	1960	1,040
1955	785	1961	1,165
1956	837	1962	1,126
1957	900	1963	1,158
1958	759	1964 2/	1,192

1/ Crop year ending September 30. 2/ Preliminary.

Cocoa bean prices: New York spot "Accra" cents per pound, by month, 1953-64

Month	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Jan.	31.8	54.2	48.8	29.3	23.1	41.5	36.0	30.3	22.8	22.5	23.0	25.7
Feb.	30.0	53.5	46.8	27.5	23.4	44.3	35.8	29.0	22.6	19.5	24.6	23.6
Mar.	32.8	57.8	40.0	26.5	22.3	43.6	37.8	27.1	20.5	21.3	23.9	23.8
Apr.	33.9	61.9	37.5	26.3	25.5	42.9	36.8	28.5	22.9	20.8	25.5	22.2
May	33.4	63.9	36.5	26.0	25.3	46.0	37.8	28.8	23.0	22.4	27.6	---
June	34.6	64.8	38.1	26.1	30.5	48.3	38.1	28.4	21.5	20.8	25.6	---
July	38.5	68.9	37.0	29.0	30.5	48.9	35.8	29.8	22.3	20.5	24.5	---
Aug.	38.6	67.8	31.8	28.3	32.1	46.3	37.7	28.0	21.3	20.3	24.5	---
Sept.	40.3	53.7	33.3	27.8	34.6	42.6	37.8	29.0	21.5	20.0	25.6	---
Oct.	40.0	47.1	34.0	25.5	35.4	37.4	35.8	29.6	22.6	20.1	27.6	---
Nov.	44.9	51.8	32.4	26.6	42.8	43.8	33.2	28.1	25.1	20.9	25.5	---
Dec.	46.8	47.5	32.4	27.0	39.9	41.0	30.9	25.6	26.5	21.0	26.1	---

U. S. AGRICULTURAL EXPORTS TO EEC BY MAJOR COMMODITY GROUPS*



*EUROPEAN ECONOMIC COMMUNITY (EEC) INCLUDES BELGIUM-LUXEMBOURG, FRANCE, ITALY, NETHERLANDS, AND WEST GERMANY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2050-64 (6) ECONOMIC RESEARCH SERVICE

Figure 125

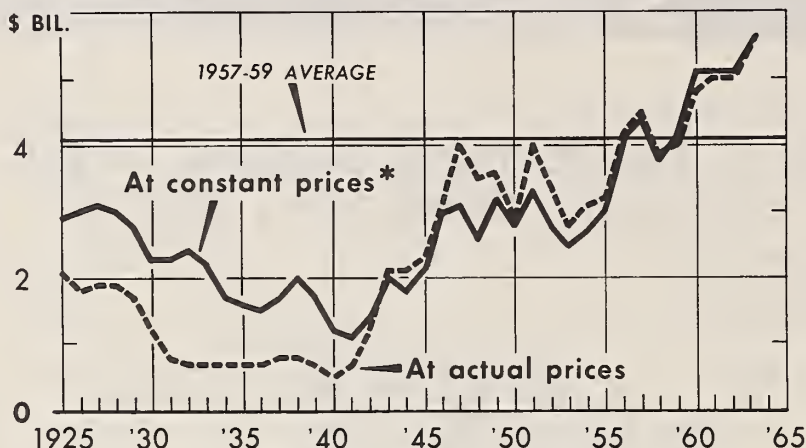
U. S. agricultural exports to the European Economic Community ^{1/}:
Value by major commodity groups, 1958-63

Commodity group	1958	1959	1960	1961	1962	1963
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Feed grains	158	242	198	187	318	276
Wheat and flour	79	67	65	192	64	73
Oilseeds and products	96	184	198	179	233	247
Animals and products	102	145	133	153	151	152
Cotton, excluding lint	197	104	313	233	106	132
Tobacco, unmanufactured	90	82	88	97	106	104
Fruits, vegetables, and nuts	71	60	66	72	94	102
Others	29	42	38	44	79	85
Total	822	926	1,099	1,157	1,151	1,171

^{1/} Belgium-Luxembourg, France, Italy, Netherlands, and West Germany.

U. S. AGRICULTURAL EXPORTS

Value at Actual and Constant Prices



*BASED ON CALENDAR YEARS 1957-59 AVERAGE PRICES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2047-64 (6) ECONOMIC RESEARCH SERVICE

Figure 126

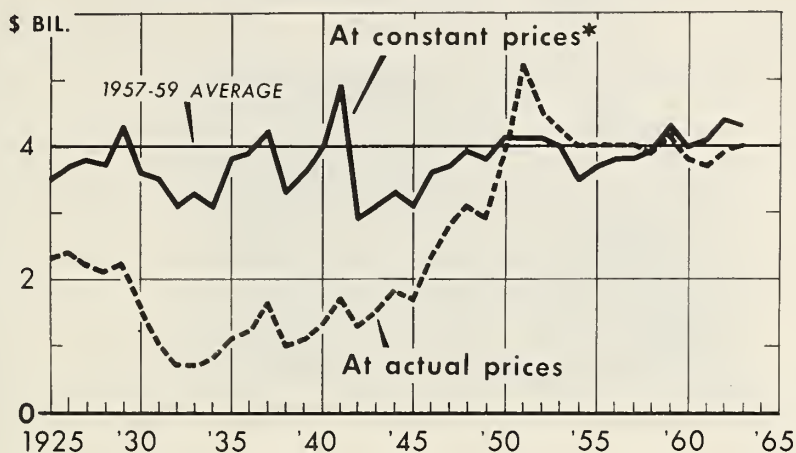
United States agricultural exports: Value at actual and constant prices, 1925-63 ^{1/}

Year	Value at		Year	Value at		Year	Value at	
	Actual	Constant		Actual	Constant		Actual	Constant
	prices	prices		prices	prices		prices	prices
	Bil. dol.	Bil. dol.		Bil. dol.	Bil. dol.		Bil. dol.	Bil. dol.
1925	2.1	2.9	1938	0.8	2.0	1951	4.0	3.3
1926	1.8	3.0	1939	0.7	1.7	1952	3.4	2.8
1927	1.9	3.2	1940	0.5	1.2	1953	2.8	2.5
1928	1.9	3.0	1941	0.7	1.1	1954	3.1	2.7
1929	1.7	2.8	1942	1.2	1.4	1955	3.2	3.0
1930	1.2	2.3	1943	2.1	2.0	1956	4.2	4.1
1931	0.8	2.3	1944	2.1	1.8	1957	4.5	4.4
1932	0.7	2.4	1945	2.3	2.1	1958	3.9	3.8
1933	0.7	2.2	1946	3.1	3.0	1959	4.0	4.1
1934	0.7	1.7	1947	4.0	3.1	1960	4.8	5.1
1935	0.7	1.6	1948	3.5	2.6	1961	5.0	5.1
1936	0.7	1.5	1949	3.6	3.2	1962	5.0	5.1
1937	0.8	1.7	1950	2.9	2.8	1963	5.6	5.6

^{1/} Constant prices based on calendar years 1957-59 average prices.

U. S. AGRICULTURAL IMPORTS

Value at Actual and Constant Prices



*BASED ON CALENDAR YEARS 1957-59 AVERAGE PRICES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2048-64 (6) ECONOMIC RESEARCH SERVICE

Figure 127

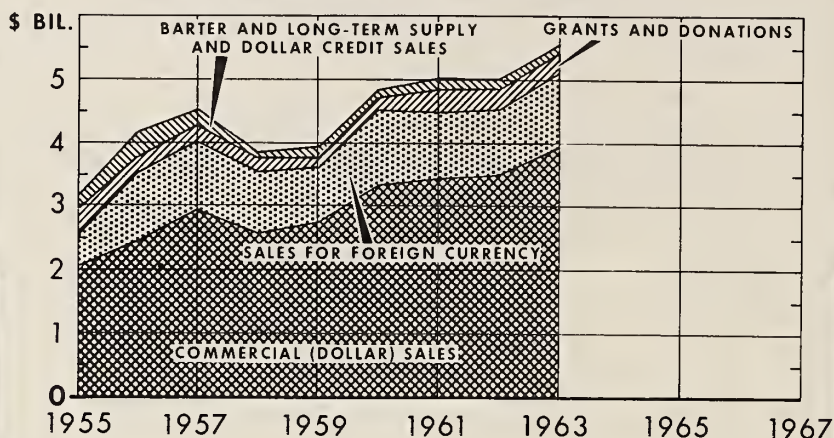
United States agricultural imports: Value at actual and constant prices, 1925-63 ^{1/}

Year	Value at			Value at			Value at	
	Actual prices	Constant prices		Actual prices	Constant prices		Actual prices	Constant prices
	Bil. dol.	Bil. dol.		Bil. dol.	Bil. dol.		Bil. dol.	Bil. dol.
1925	2.3	3.5	1938	1.0	3.3	1951	5.2	4.1
1926	2.4	3.7	1939	1.1	3.6	1952	4.5	4.1
1927	2.2	3.8	1940	1.3	4.0	1953	4.2	4.0
1928	2.1	3.7	1941	1.7	4.9	1954	4.0	3.5
1929	2.2	4.3	1942	1.3	2.9	1955	4.0	3.7
1930	1.5	3.6	1943	1.5	3.1	1956	4.0	3.8
1931	1.0	3.5	1944	1.8	3.3	1957	4.0	3.8
1932	0.7	3.1	1945	1.7	3.1	1958	3.9	3.9
1933	0.7	3.3	1946	2.3	3.6	1959	4.1	4.3
1934	0.8	3.1	1947	2.8	3.7	1960	3.8	4.0
1935	1.1	3.8	1948	3.1	3.9	1961	3.7	4.1
1936	1.2	3.9	1949	2.9	3.8	1962	3.9	4.4
1937	1.6	4.2	1950	4.0	4.1	1963	4.0	4.3

^{1/} Constant prices based on calendar years 1957-59 average prices.

U. S. AGRICULTURAL EXPORTS

Under Government-Financed Programs and Commercial Sales



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2051 X-64 (6) ECONOMIC RESEARCH SERVICE

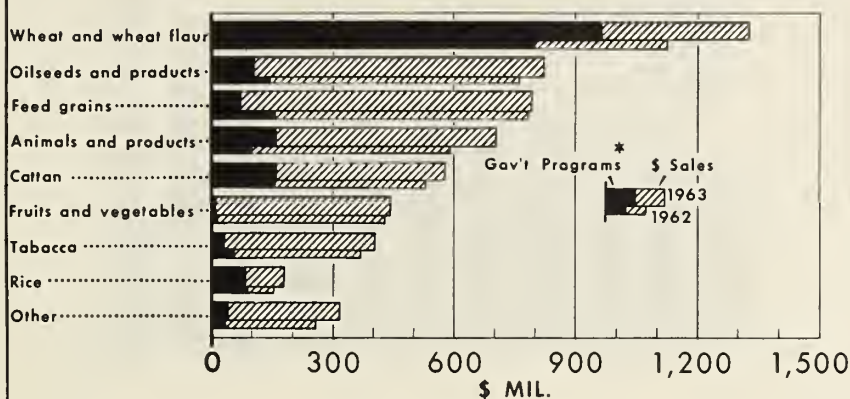
Figure 128

United States agricultural exports: Commercial exports (dollar sales) and exports under specified Government programs, calendar years 1955-63

Exports	1955	1956	1957	1958	1959	1960	1961	1962	1963
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Commercial exports (dollar sales) ^{1/}	2,014	2,423	2,945	2,580	2,726	3,340	3,433	3,502	3,953
Exports under specified Government programs ^{2/}									
Sales for foreign currency ^{3/}	538	1,081	1,061	966	886	1,167	1,055	1,020	1,162
Grants and donations ^{4/}	385	294	256	244	167	207	353	333	343
Other ^{5/} ^{6/}	262	372	244	65	176	118	183	179	126
Total	1,185	1,747	1,561	1,275	1,229	1,492	1,591	1,532	1,631
Total Exports	3,199	4,170	4,506	3,855	3,955	4,832	5,024	5,034	5,584

^{1/} "Dollar sales" include in addition to regular commercial transactions: (1) CCC credit sales; (2) exports under U. S. commercial bank loans with Export-Import Bank guarantees; and (3) CCC sales at less than domestic market prices, and exports assisted by payments in cash or in kind. ^{2/} Public Laws 83-480, 82-165, 83-665, and 87-195, and other legislation. ^{3/} Foreign currency sales under Title I, P. L. 83-480; Sec. 550 of P. L. 82-165 and Sec. 402 of P. L. 83-665 and 87-195. ^{4/} Grants for economic aid under P. L. 82-165, 83-665, and 87-195; U. S. welfare donations under Sec. 416 of the Agricultural Act of 1949 and Sec. 302, Title III, P. L. 83-480; disaster relief and economic aid under Title II, P. L. 83-480. ^{5/} Barter under the Charter Act of the CCC; Sec. 303, Title III, P. L. 83-480 and other legislation. ^{6/} Long-term supply and dollar credit sales under Title IV, P. L. 83-480.

U. S. AGRICULTURAL EXPORTS BY COMMODITY GROUP



UNDER GOVERNMENT-FINANCED PROGRAMS AND COMMERCIAL SALES. * P. L. 83-480 AND P. L. 87-195.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2906-64 (6) ECONOMIC RESEARCH SERVICE

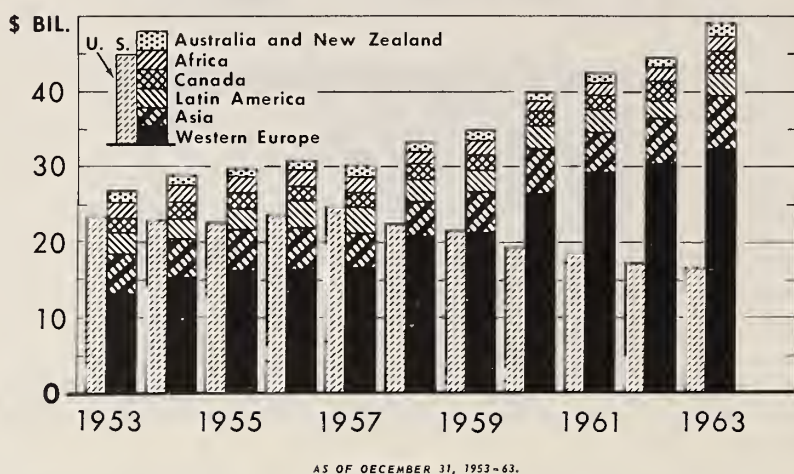
Figure 129

United States agricultural exports: Value under specified Government programs and commercial (dollar) sales, by commodity groups, calendar years 1962 and 1963

Commodity	1962			1963		
	Under Government programs 1/	Commercial (dollar) sales 2/	Total exports	Under Government programs 1/	Commercial (dollar) sales 2/	Total exports
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Wheat and wheat flour	799.4	336.0	1,135.4	970.8	358.7	1,329.5
Oilseeds and oilseed products	145.7	618.0	3/763.7	108.1	719.0	3/827.1
Feed grains, excluding products	155.2	632.8	788.0	73.7	720.2	793.9
Animals and animal products	99.2	497.3	3/596.5	158.3	550.5	3/708.8
Cotton, excluding lint	155.8	372.1	527.9	156.8	419.6	576.4
Fruits and vegetables	7.9	426.2	434.1	1.8	447.1	448.9
Tabacco, unmanufactured	53.5	319.9	373.4	36.5	366.6	403.1
Rice, milled	88.2	64.5	152.7	86.0	90.2	176.2
Other	27.6	234.8	262.4	38.9	281.1	320.0
Total	1,532.5	3,501.6	5,034.1	1,630.9	3,953.0	5,583.9

1/ Public Laws 83-480 and 87-195. 2/ "Dollar sales" include in addition to regular commercial transactions: (1) CCC credit sales; (2) exports under U. S. commercial bank loans with Export-Import Bank guarantees; and (3) CCC sales at less than domestic market prices, and exports assisted by payments in cash or in kind. 3/ Total exports of oilseeds and products and animals and products include the value reported by Bureau of the Census, plus the estimated value of donations under Title III, P.L. 83-480 for commodities for which relief shipments are not separately reported by Census.

GOLD AND FOREIGN EXCHANGE RESERVES BY MAJOR AREAS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2903-64 (6) ECONOMIC RESEARCH SERVICE

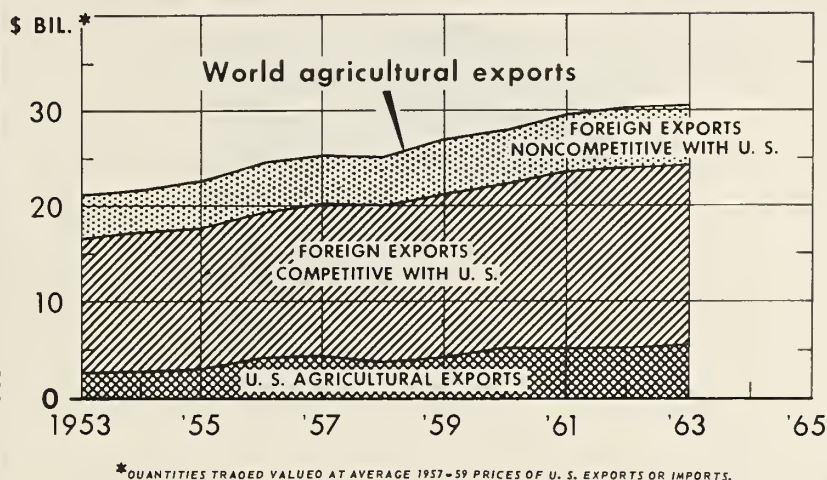
Figure 130

World gold and foreign exchange reserves: Distribution by major areas, as of December 31, 1953-63

Area	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Western Europe	13.1	15.2	16.1	16.4	16.9	20.9	21.2	26.3	29.1	30.2	32.4
United States	23.5	23.0	22.8	23.7	24.8	22.5	21.5	19.4	18.8	17.2	16.8
Asia	5.2	5.2	5.6	5.5	4.3	4.5	5.5	6.1	5.7	6.3	7.4
Latin America	2.9	2.7	2.8	3.3	3.5	2.8	2.9	3.0	2.8	2.4	2.8
Canada	1.9	2.0	2.0	2.0	1.9	2.0	2.0	2.0	2.3	2.5	2.6
Africa	2.2	2.4	2.3	2.3	1.9	1.8	1.9	1.5	1.3	1.7	2.0
Australia and New Zealand	1.6	1.4	1.0	1.2	1.5	1.3	1.5	1.1	1.5	1.6	2.0
Total <u>1/</u>	50.4	51.9	52.6	54.4	54.8	55.8	56.5	59.4	61.5	61.9	66.0

1/ Excludes Sino-Soviet Bloc nations and nations for which data are not available separately.

U. S. AND WORLD AGRICULTURAL EXPORTS



U. S. DEPARTMENT OF AGRICULTURE

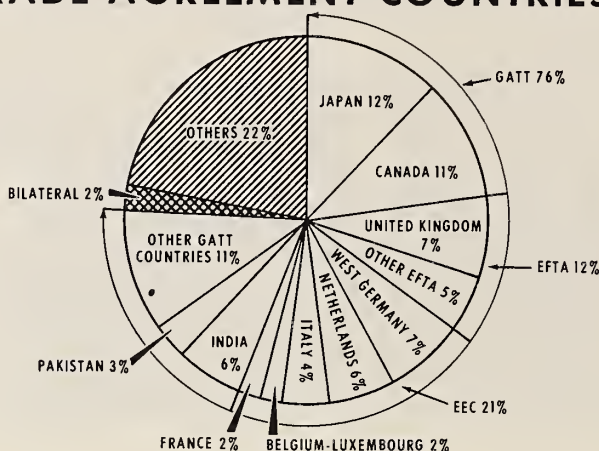
NEG. ERS 436X-64 (6) ECONOMIC RESEARCH SERVICE

Figure 131

World and United States agricultural exports: Value at
1957-59 average prices, 1953-63

Year	United States exports	Foreign exports		World total
		Competitive with United States	Not competitive with United States	
	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>
1953	2.5	14.1	4.6	21.2
1954	2.7	14.6	4.4	21.7
1955	3.0	14.8	4.9	22.7
1956	4.1	15.2	5.3	24.6
1957	4.4	15.8	5.1	25.3
1958	3.8	16.2	5.1	25.1
1959	4.1	17.2	5.7	27.0
1960	5.1	17.3	5.6	28.0
1961	5.1	18.6	5.9	29.6
1962	5.1	18.8	6.0	29.9
1963	5.6	18.8	6.0	30.4

U. S. AGRICULTURAL EXPORTS TO TRADE AGREEMENT COUNTRIES



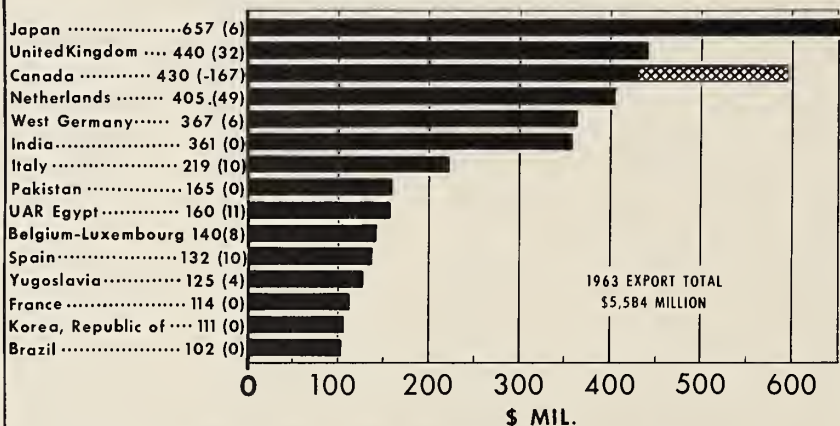
CALENDAR YEAR 1963.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2905-64 (6) ECONOMIC RESEARCH SERVICE

Figure 132

U. S. AGRICULTURAL EXPORTS BY COUNTRY, 1963



AMOUNTS IN PARENTHESES REPRESENT \$167 MILLION SUBTRACTED FROM CANADA AND ADDED TO OTHER COUNTRIES TO ALLOCATE TO PROPER COUNTRIES SHIPMENTS TO CANADA USED TO FINISH LOADING SHIPS LEAVING THE ST. LAWRENCE SEAWAY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2904-64 (6) ECONOMIC RESEARCH SERVICE

Figure 133

U. S. EXPORTS AS PERCENT OF SALES

10 Major Export Agricultural Products, 1963*



* EXPORTS COMPARED WITH FARM SALES FOR CROPS AND WITH PRODUCTION FOR LARD AND TALLOW.
^o INCLUDING OIL. CALENDAR YEAR 1963.

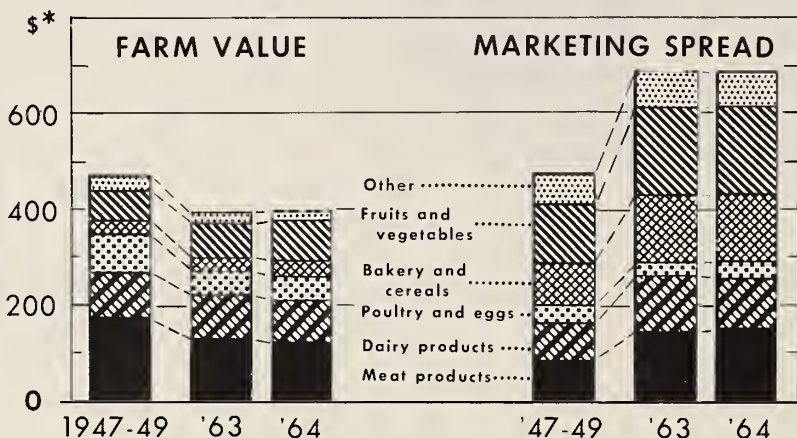
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2907-64 (6) ECONOMIC RESEARCH SERVICE

Figure 134

Section 4 MARKETING DEVELOPMENTS

MARKETING SPREAD AND FARM VALUE FOR MARKET BASKET OF FARM FOODS



* ANNUAL RATE.

1964, FIRST 6 MONTHS.

DATA ARE FOR MARKET BASKET OF FARM FOODS CONTAINING AVERAGE 1952 PURCHASES BY URBAN FAMILIES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2059-64 (7) ECONOMIC RESEARCH SERVICE

Figure 135

The farm food market basket: Farm value and farm-retail spread by product group, 1947-49, 1963, and 1964 ^{1/}

Product	Farm value			Farm-retail spread		
	1947-49	1963	1964 ^{2/}	1947-49	1963	1964 ^{2/}
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Meat products	170.90	133.27	122.29	85.18	144.96	146.40
Dairy products	91.66	87.29	87.27	77.62	112.25	113.00
Poultry and eggs	80.69	51.34	49.70	36.32	34.80	34.48
Bakery and cereals	34.97	30.61	29.93	86.99	142.13	142.70
Fruits and vegetables	60.93	72.30	85.59	123.75	180.68	175.76
Other	26.87	19.07	19.09	64.21	69.61	70.83
Total	466.02	393.88	393.87	474.07	684.43	683.17

^{1/} The "market basket" contains the average quantities of domestic farm-originated food products purchased per family in 1952 for consumption at home by urban wage-earner and clerical-worker families.

^{2/} Average for first 6 months.

RETAIL COST FOR MARKET BASKET, FARM VALUE, AND SPREAD

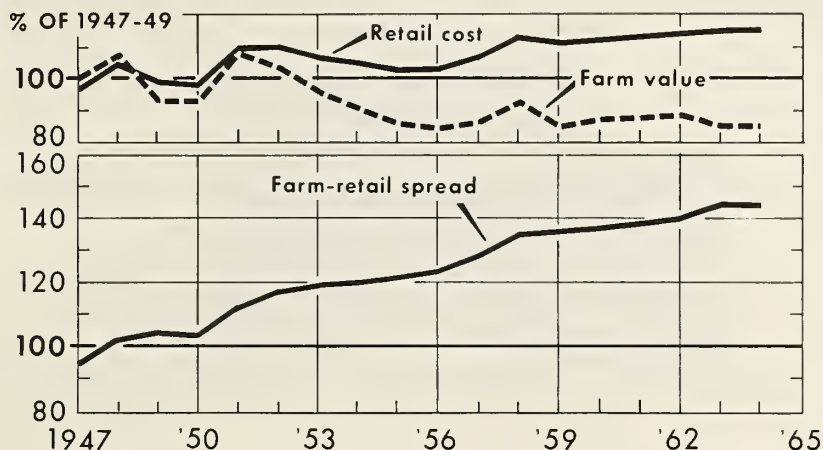


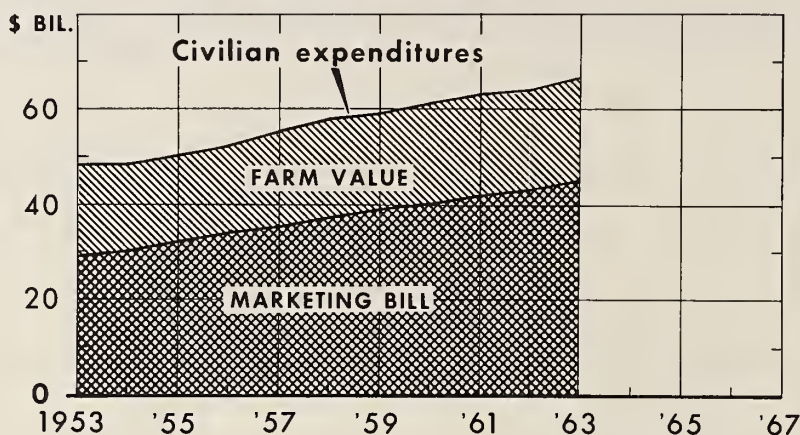
Figure 136

The farm food market basket: Indexes of retail cost, farm value, and farm-retail spread, 1947-64 ^{1/}

(1947-49=100)			
Year	Retail cost	Farm value ^{2/}	Farm-retail spread ^{3/}
1947	97	100	94
1948	104	107	102
1949	99	93	104
1950	98	93	103
1951	109	107	111
1952	110	103	116
1953	107	96	118
1954	105	90	119
1955	103	85	121
1956	103	84	123
1957	107	86	128
1958	113	92	134
1959	111	85	135
1960	112	87	136
1961	113	87	138
1962	114	88	139
1963	115	85	144
1964 ^{4/}	115	85	144

^{1/} The "market basket" contains the average quantities of domestic farm-originated food products purchased per family in 1952 for consumption at home by urban wage-earner and clerical-worker families. ^{2/} The farm value is the return to farmers for the fixed quantity of farm products equivalent to the foods in the market basket. ^{3/} The farm-retail spread is the difference between the retail cost and farm value. It is an estimate of the charges made by marketing firms for assembling, processing, transporting, and distributing the products in the market basket. ^{4/} Average for first 6 months.

FARM VALUE AND TOTAL MARKETING BILL FOR FARM FOODS



DOMESTIC FARM FOODS BOUGHT BY CIVILIANS IN THE UNITED STATES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2056-64 (7) ECONOMIC RESEARCH SERVICE

Figure 137

The total marketing bill, farm value, and consumer expenditures for domestic farm food products bought by civilians, United States, 1953-63

Year	Total marketing bill ^{1/}	Farm value ^{2/}	Civilian expenditures for farm foods
	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>
1953	29.2	19.1	48.3
1954	30.0	18.4	48.4
1955	32.0	18.3	50.3
1956	33.7	18.7	52.4
1957	35.2	19.5	54.7
1958	36.8	20.8	57.6
1959	39.2	20.0	59.2
1960	40.5	20.7	61.2
1961	41.8	20.9	62.7
1962	42.7	21.5	64.2
1963 ^{3/}	45.0	21.4	66.4

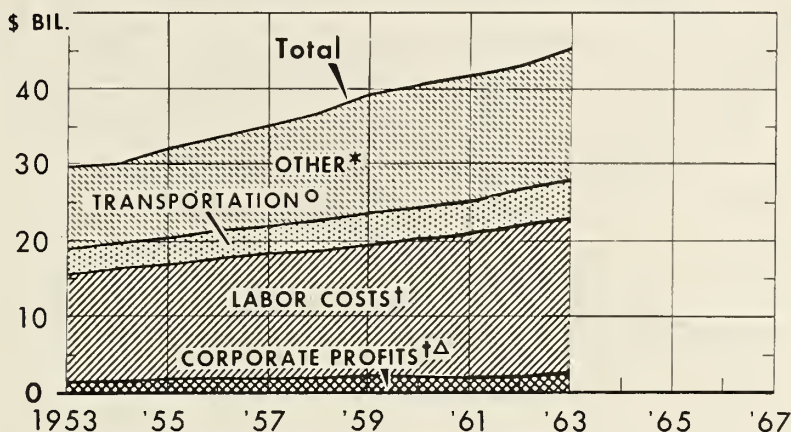
^{1/} Difference between civilian expenditures and farm value.

^{2/} Payment to farmers for equivalent farm products, adjusted to eliminate imputed value of nonfood byproducts.

^{3/} Preliminary.

Estimates in this table do not cover Alaska and Hawaii because of inadequate data.

COMPONENTS OF TOTAL FARM FOOD MARKETING BILL



FOR DOMESTIC FARM FOODS BOUGHT BY U. S. CIVILIAN CONSUMERS.
 * OTHER COSTS AND NONCORPORATE PROFITS. ○ INTERCITY RAIL AND TRUCK ONLY.
 † EXCLUDES INTERCITY TRANSPORTATION FIRMS. △ PROFITS BEFORE TAXES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 409 X-64 (7) ECONOMIC RESEARCH SERVICE

Figure 138

Labor, transportation, corporate profits, and other costs for marketing farm food products, United States, 1953-63 ^{1/}

Year	Labor ^{2/}	Rail and truck transportation ^{3/}	Corporate profits ^{4/}		Other ^{5/}	Total marketing bill
	Billion dollar	Billion dollar	Before income taxes	After income taxes	Billion dollar	Billion dollar
1953	14.1	3.2	1.5	0.7	10.4	29.2
1954	14.8	3.3	1.5	.7	10.4	30.0
1955	15.1	3.2	1.8	.9	11.9	32.0
1956	15.8	3.5	1.9	.9	12.5	33.7
1957	16.3	3.6	1.9	.9	13.4	35.2
1958	16.7	3.9	1.9	.9	14.3	36.8
1959	17.4	4.1	2.1	1.0	15.6	39.2
1960	18.5	4.1	2.1	.9	15.8	40.5
1961	19.0	4.5	2.2	1.0	16.1	41.8
1962	19.8	4.8	2.2	1.0	15.9	42.7
1963 ^{6/}	20.4	5.0	2.4	1.2	17.2	45.0

^{1/} For domestic farm foods bought by civilian consumers.

^{2/} Does not include the cost of labor employed in intercity for-hire transportation.

^{3/} Includes charges for heating and refrigeration; does not include local hauling; charges for intercity transportation by water and air are a part of the "other" or residual component of the marketing bill.

^{4/} Does not include profits of unincorporated firms or firms engaged in intercity transportation.

^{5/} Residual component; includes other costs such as advertising, depreciation, fuel, electric power, containers, packaging materials, air and water transportation, interest on borrowed capital, rents, noncorporate profits, and taxes other than Federal income taxes.

^{6/} Preliminary.

PRICES OF INPUTS USED BY FOOD MARKETING FIRMS

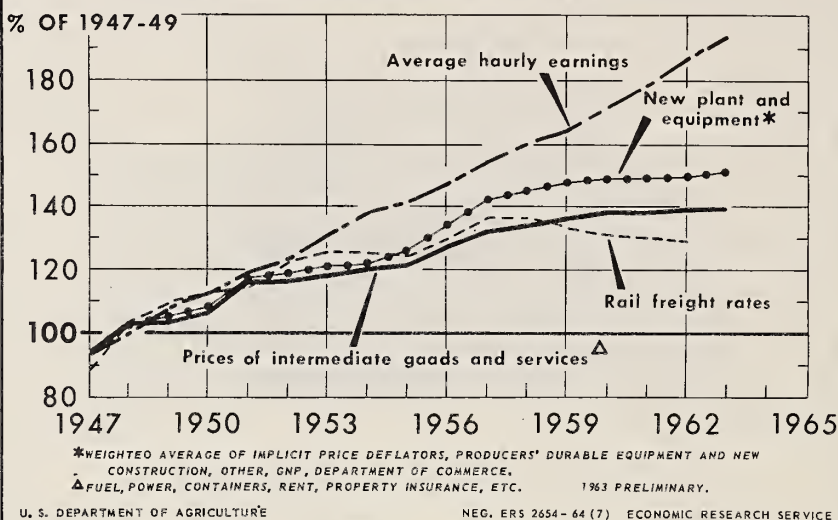


Figure 139

Prices of inputs bought by marketing firms, 1947-63

(1947-49=100)				
Year	Average hourly earnings of employees	Rail freight rates	Intermediate goods and services 1/	New plant and equipment 2/
1947	93	88	94	93
1948	101	103	103	102
1949	106	109	103	105
1950	111	112	106	108
1951	118	114	116	117
1952	123	122	116	119
1953	131	125	119	121
1954	138	125	120	122
1955	141	124	121	126
1956	147	129	127	134
1957	154	136	132	142
1958	160	136	134	145
1959	164	133	136	148
1960	171	131	138	149
1961	178	130	138	149
1962	187	129	139	150
1963	193	---	139	151

1/ Fuel, power, containers, rent, property insurance, etc.

2/ Weighted average of implicit price deflators for producers' durable equipment and new construction, other, Gross National Product, Department of Commerce.

FOOD MARKETING LABOR COSTS AND HOURLY EARNINGS

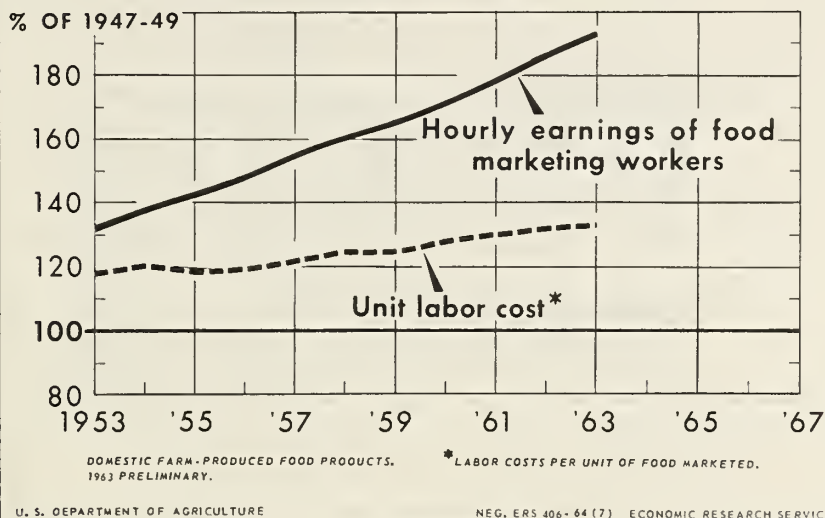


Figure 140

Hourly earnings of food marketing workers and labor
cost per unit of product marketed, United
States, 1953-63

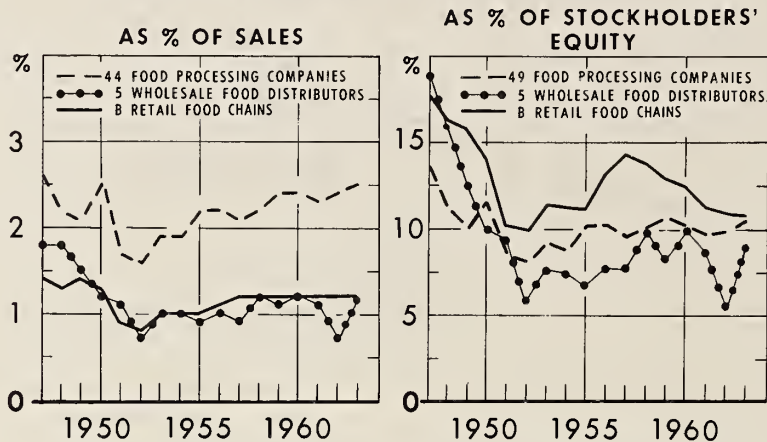
(1947-49=100)

Year	Hourly earnings of food marketing workers ^{1/}	Unit labor cost
1953	131	118
1954	138	120
1955	141	118
1956	147	119
1957	154	122
1958	160	124
1959	164	124
1960	171	129
1961	178	130
1962	187	132
1963 ^{2/}	193	133

^{1/} Includes imputed hourly earnings of proprietors and family workers not receiving stated remuneration; also includes supplements to wages and salaries.

^{2/} Preliminary.

PROFITS OF LEADING CORPORATIONS MARKETING FOOD PRODUCTS



PROFITS LESS TAXES ON INCOME.
DATA COMPILED FROM COMPANY ANNUAL REPORTS AND FINANCIAL PUBLICATIONS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2657-64 (7) ECONOMIC RESEARCH SERVICE

Figure 141

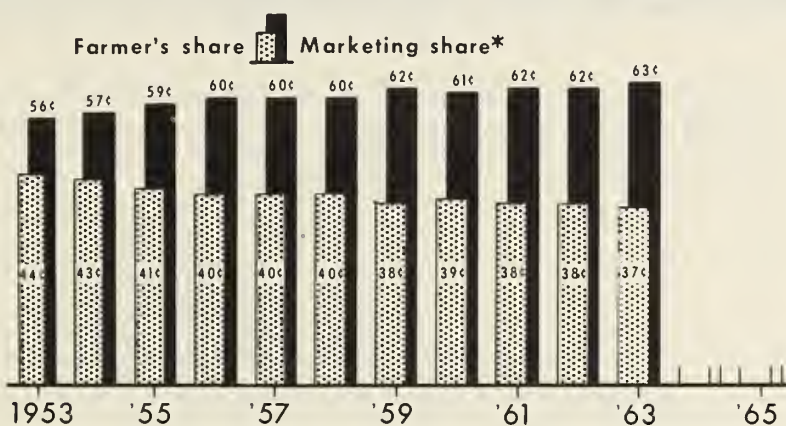
Net profits (less provision for taxes on income) of corporations manufacturing food and kindred products as percentages of sales and stockholders' equity, 1947-63

Year	Profits as percentage of --					
	Sales			Stockholders' equity		
	44 food processing companies	5 wholesale distributors	8 retail food chains	49 food processing companies	5 wholesale distributors	8 retail food chains
	Percent	Percent	Percent	Percent	Percent	Percent
1947	2.6	1.8	1.4	13.8	18.8	17.8
1948	2.2	1.8	1.3	11.3	16.0	16.2
1949	2.1	1.5	1.4	10.0	12.5	15.7
1950	2.5	1.2	1.3	11.5	10.0	14.0
1951	1.7	1.1	.9	8.5	9.4	10.1
1952	1.6	.7	.8	8.2	5.8	10.0
1953	1.9	1.0	1.0	9.2	7.6	11.4
1954	1.9	1.0	1.0	8.9	7.5	11.3
1955	2.2	.9	1.0	10.2	6.7	11.2
1956	2.2	1.0	1.1	10.3	7.6	13.1
1957	2.1	.9	1.2	9.6	7.6	14.2
1958	2.2	1.2	1.2	10.1	9.7	13.8
1959	2.4	1.1	1.2	10.7	8.1	12.9
1960	2.4	1.2	1.2	10.3	9.9	12.5
1961	2.3	1.1	1.2	9.7	8.6	11.3
1962	2.4	.7	1.2	9.9	5.5	11.0
1963 ^{1/}	2.5	1.2	1.2	10.5	9.1	10.8

^{1/} Preliminary.

Compiled from "Moody's Industrial Manual" and company annual reports.

FARMER'S SHARE OF CONSUMER'S RETAIL FOOD DOLLAR



* DATA FOR MARKET BASKET OF FARM FOODS BASED ON AVERAGE 1952 PURCHASES BY URBAN FAMILIES.
1963 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 403-64 (1) ECONOMIC RESEARCH SERVICE

Figure 142

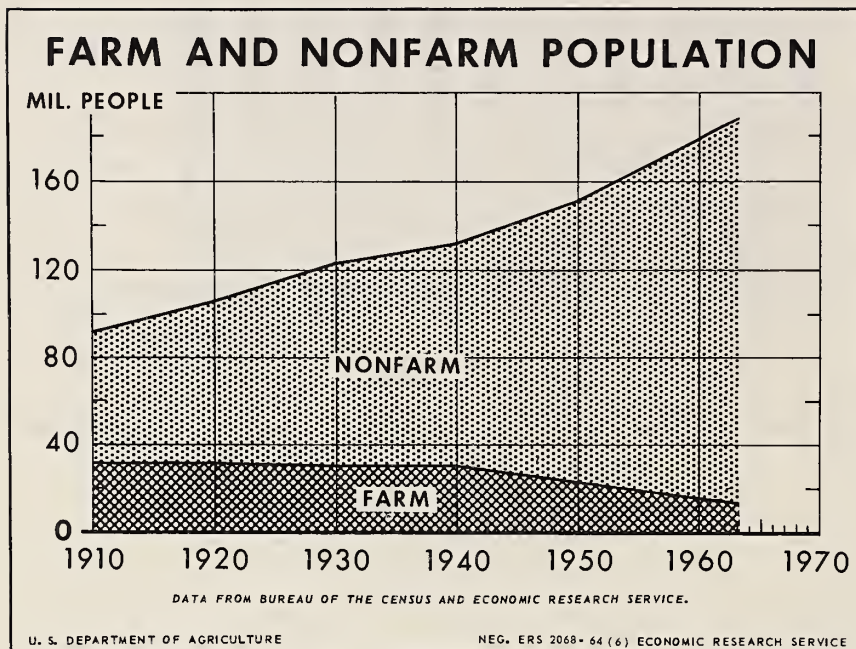


Figure 143

Total population by farm and nonfarm residence,
United States, 1910-63

Year	Total	Nonfarm	Farm 1/
	Thousand	Thousand	Thousand
1910	92,228	60,151	32,077
1920	106,022	74,228	31,794
1930	123,203	92,674	30,529
1940	132,165	101,618	30,547
1950	151,326	128,278	23,048
1960	179,323	163,688	15,635
1961	182,350	167,547	14,803
1962	185,208	170,895	14,313
1963	187,992	174,625	13,367

1/ Includes Alaska and Hawaii in 1960-63 only; nonfarm population includes farm population of these States for earlier years.

U. S. Bureau of the Census and Economic Research Service.

TOTAL U. S., METROPOLITAN, AND NONMETROPOLITAN POPULATION

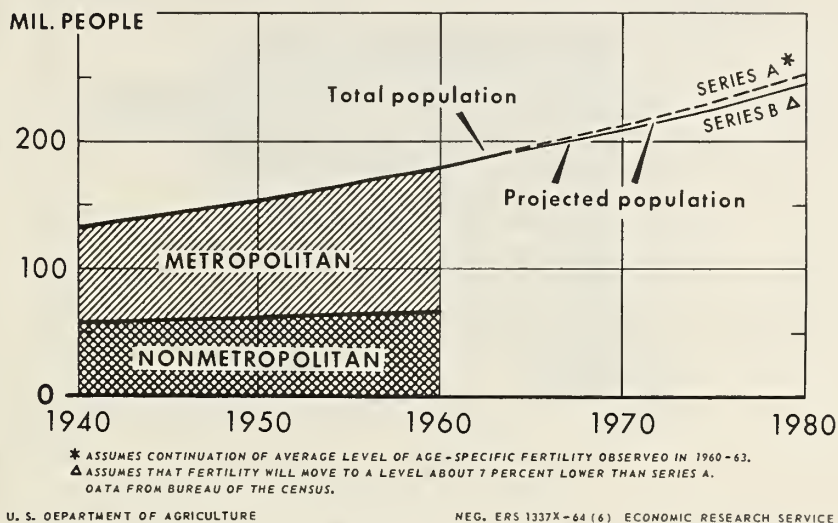


Figure 144

Total, metropolitan, and nonmetropolitan population,
United States, 1940-64, and projections
of total population to 1980

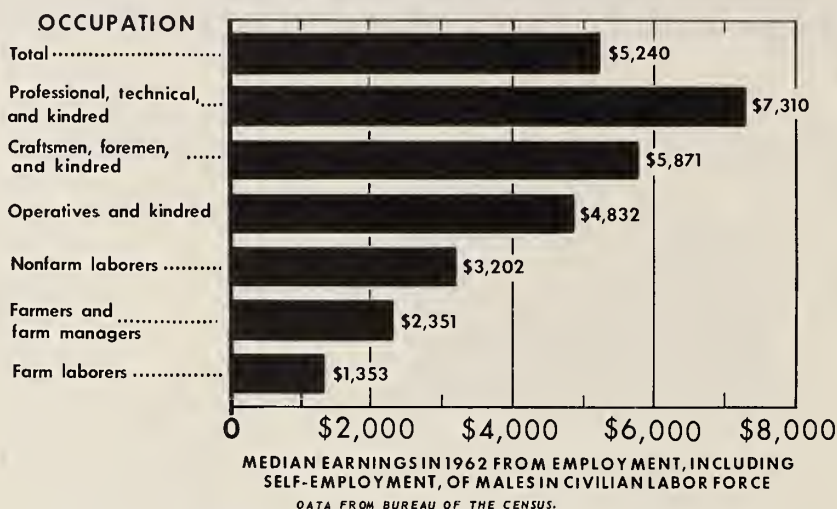
Year	Total population	Metropolitan population 1/	Nonmetropolitan population
	Mil.	Mil.	Mil.
1940	132.2	72.8	59.4
1950	151.3	89.3	62.0
1960	179.3	112.9	66.4
1964	192.0		
Projections 2/			
Series A			
1965	195.1	Series A assumes continuation of average level of age- specific fertility observed in 1960-63	
1970	211.4		
1975	230.4		
1980	252.1		
Series B			
1965	194.7	Series B assumes that fer- tility will move to a level about 7 percent lower than Series A	
1970	209.0		
1975	225.9		
1980	245.3		

1/ Metropolitan population is the population living in Standard Metropolitan Statistical Areas as defined by the Bureau of the Budget for the 1960 Census of Population. Each metropolitan area must include at least 1 city with 50,000 inhabitants or more, or 2 cities having contiguous boundaries with a combined population of at least 50,000.

2/ Assumptions employed with regard to future mortality and net immigration are the same for both Series.

U. S. Bureau of the Census.

MEDIAN EARNINGS OF MALES BY OCCUPATION, 1963

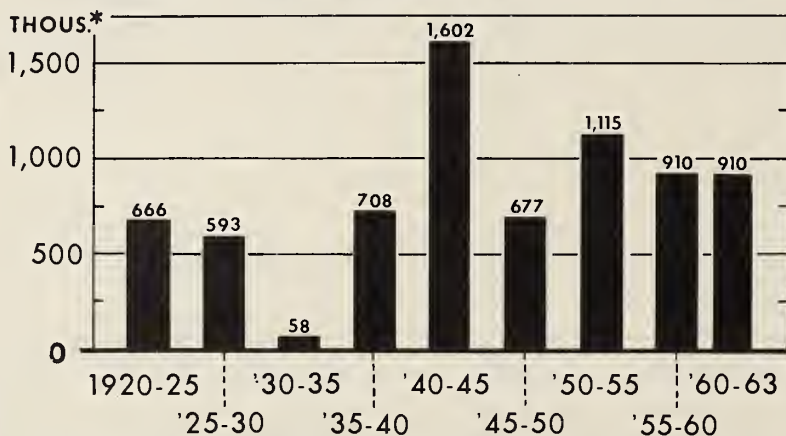


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2949-64 (6) ECONOMIC RESEARCH SERVICE

Figure 145

AVERAGE ANNUAL NET OUTMIGRATION FROM THE FARM POPULATION



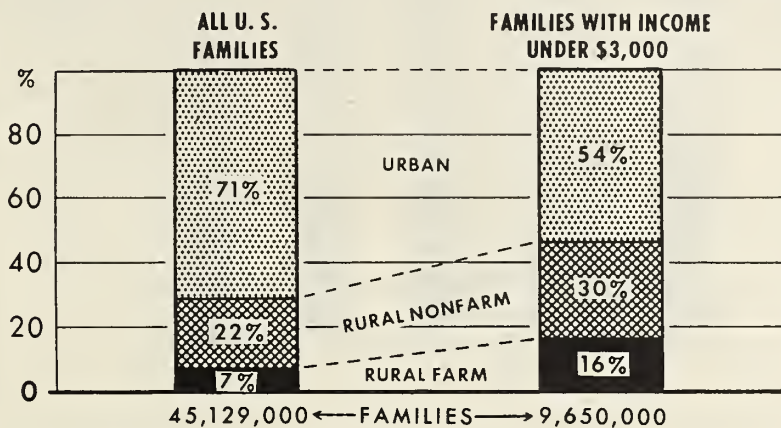
*NET CHANGE THROUGH MIGRATION AND RECLASSIFICATION OF RESIDENCE FROM FARM TO NONFARM.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2089-64 (6) ECONOMIC RESEARCH SERVICE

Figure 146

ALL FAMILIES AND FAMILIES WITH INCOME UNDER \$3,000 BY RESIDENCE*



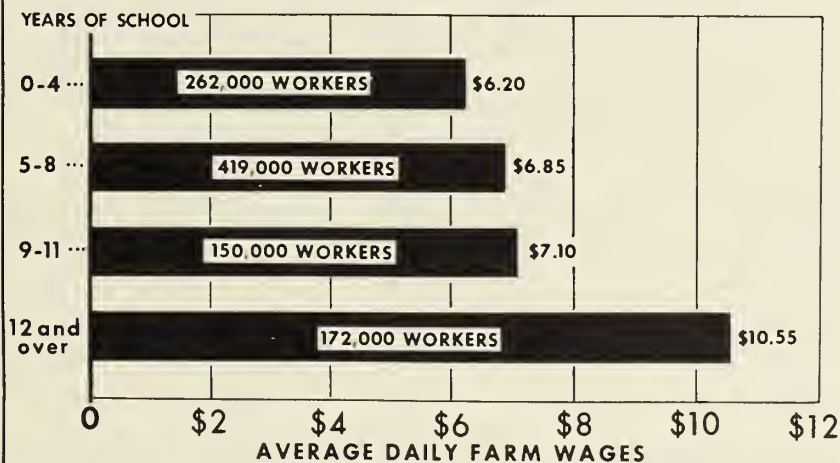
* MEDIAN MONEY INCOME IN 1959.
1960 DATA FROM BUREAU OF THE CENSUS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2944-64 (6) ECONOMIC RESEARCH SERVICE

Figure 147

HIRED FARM WORKERS BY EDUCATION AND DAILY WAGES, 1961



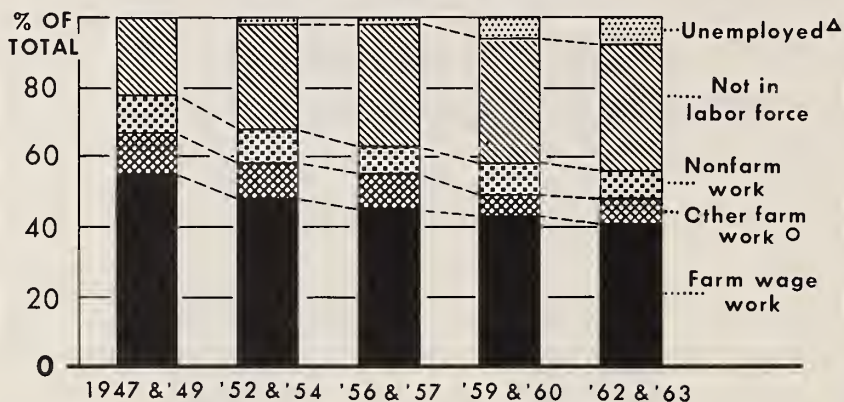
MALES, 20 YEARS OLD AND OVER, WHO DID 25 DAYS OR MORE OF FARM WAGE WORK IN 1961.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1340X-64 (6) ECONOMIC RESEARCH SERVICE

Figure 148

CHIEF ACTIVITY OF FARM WAGE WORKERS*



* WORKERS WHO DID 25 DAYS OR MORE OF FARM WAGE WORK DURING THE YEAR, AVERAGE OF SELECTED YEARS.
 Δ NOT AVAILABLE FOR 1947 & '49. ○ INCLUDES OPERATING A FARM AND UNPAID FAMILY LABDR.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2055-64 (6) ECONOMIC RESEARCH SERVICE

Figure 149

Chief activity of farm wage workers doing 25 days or more of
farm wage work during the year 1/

Chief activity	1947 and 1949	1952 and 1954	1956 and 1957	1959 and 1960	1962 and 1963
Total					
Number (000)	2,363	1,940	2,139	2,164	1,964
Percent	100.0	100.0	100.0	100.0	100.0
Farm wage work	54.7	47.9	45.2	42.6	40.9
Other farm work <u>2/</u>	12.7	9.8	10.3	6.4	7.3
Nonfarm work	10.5	10.2	7.4	9.1	7.6
Not in labor force	22.1	30.3	34.9	36.4	36.5
Unemployed	<u>3/</u>	1.8	2.2	5.5	7.7

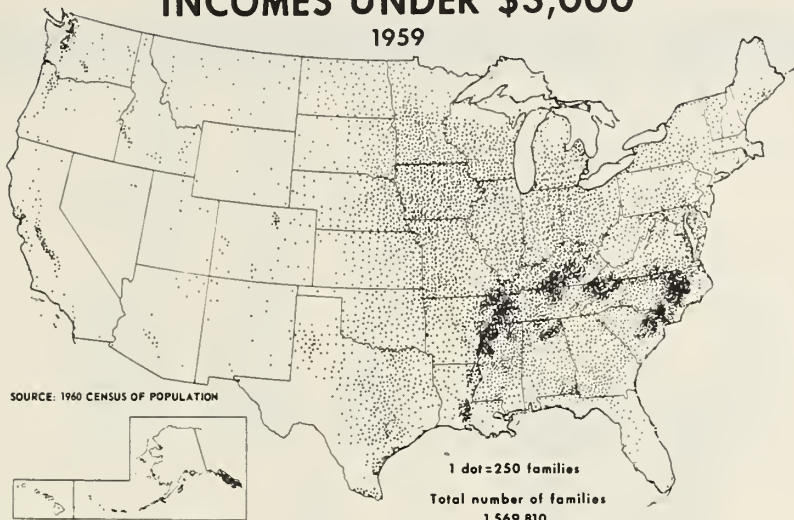
1/ Average of selected years.

2/ Includes operating a farm and unpaid family labor.

3/ Comparable data not available for 1947 and 1949.

NUMBER OF RURAL FARM FAMILIES WITH INCOMES UNDER \$3,000

1959



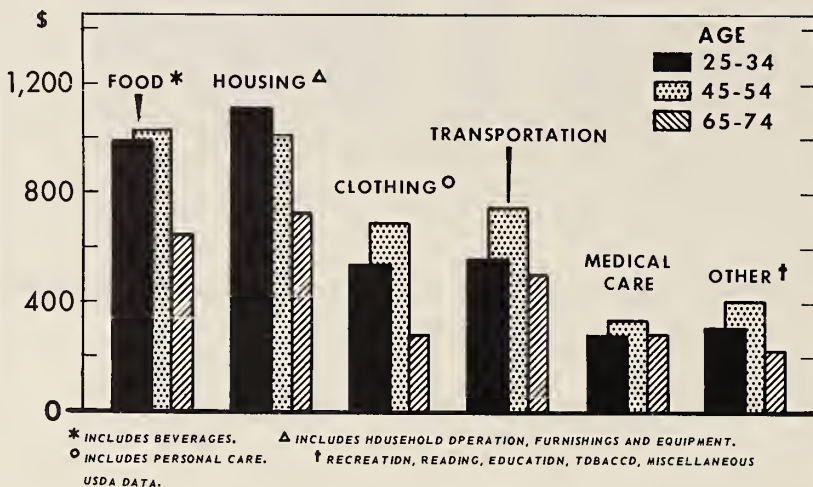
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2857 - 64 (4) ECONOMIC RESEARCH SERVICE

Figure 150

FARM FAMILY EXPENDITURES

By Age of Family Head, 1961



U. S. DEPARTMENT OF AGRICULTURE

NEG. 64 (7)-5767 AGRICULTURAL RESEARCH SERVICE

Figure 151

Consumption expenditures ^{1/} of farm families with heads in selected age groups, 1961

Category of expenditure	Age of head (years)		
	25-34	45-54	65-74
All current consumption	\$3,757	\$4,215	\$2,647
Food and beverages	983	1,021	642
Housing ^{2/}	1,093	1,013	721
Clothing and personal care	534	689	285
Transportation	557	745	496
Medical care	280	340	285
Other ^{3/}	310	407	218

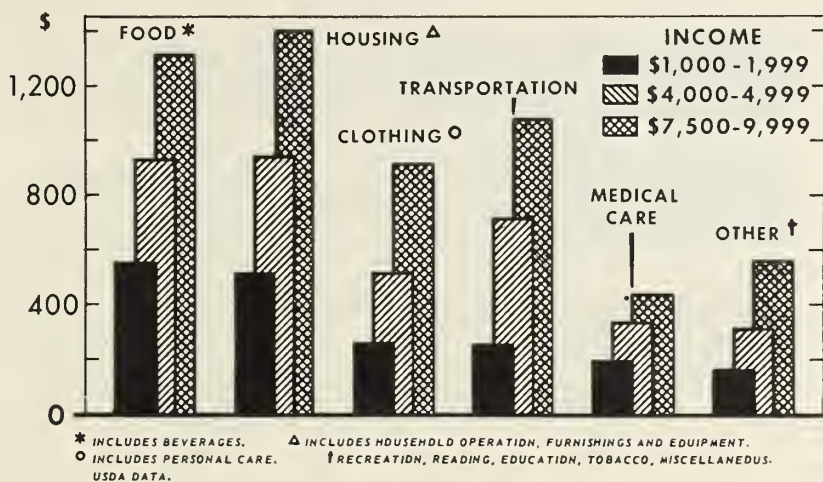
^{1/} Preliminary estimates.

^{2/} Shelter; fuel, light, refrigeration and water; household operation; housefurnishings and equipment.

^{3/} Recreation, reading, education, tobacco, miscellaneous.

FARM FAMILY EXPENDITURES

By Income, 1961



U. S. DEPARTMENT OF AGRICULTURE

NEG. 64 (7)-5766 AGRICULTURAL RESEARCH SERVICE

Figure 152

Consumption expenditures ^{1/} of farm families at selected income levels, 1961

Category of expenditure	Income class		
	\$1,000- \$1,999	\$4,000- \$4,999	\$7,500- \$9,999
All current consumption	\$1,958	\$3,741	\$5,681
Food and beverages	550	929	1,308
Housing ^{2/}	517	940	1,393
Clothing and personal care	265	517	906
Transportation	261	705	1,078
Medical care	195	334	434
Other ^{3/}	170	316	562

^{1/} Preliminary estimates.

^{2/} Shelter; fuel, light, refrigeration and water; household operation; housefurnishings and equipment.

^{3/} Recreation, reading, education, tobacco, miscellaneous.

FAMILY EXPENDITURE PATTERNS 1961

FARM



RURAL NONFARM



URBAN



■ Food, beverages

▨ Housing*

▤ Clothing

▥ Transportation

▧ Medical care

▩ Other

BLS AND USDA DATA.

* INCLUDES HOUSEHOLD OPERATION, FURNISHINGS AND EQUIPMENT.

U. S. DEPARTMENT OF AGRICULTURE

NEG. 64 (7)-5763 AGRICULTURAL RESEARCH SERVICE

Figure 153

INCOME, EXPENDITURES, AND SAVINGS Average Per Family, 1961



FARM



RURAL NONFARM



URBAN



■ Income after taxes

▨ Expenditure for current living

▤ Savings*

BLS AND USDA DATA.

* NET CHANGE IN ASSETS AND LIABILITIES.

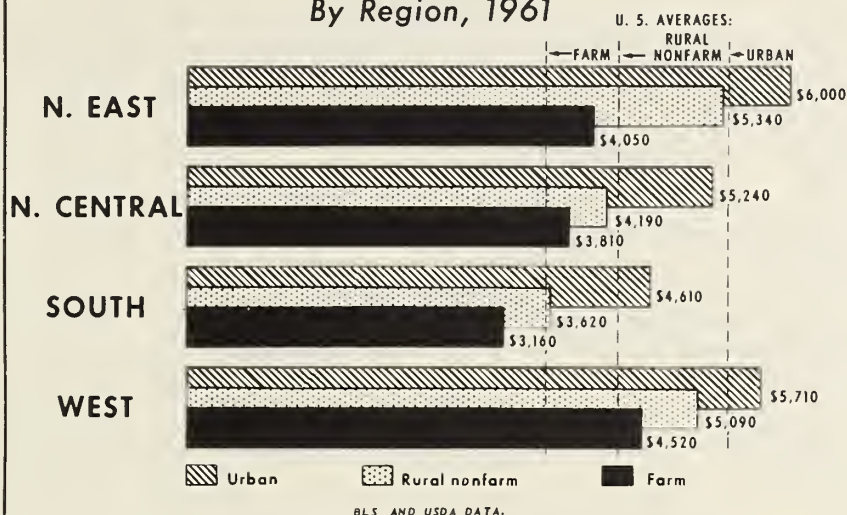
U. S. DEPARTMENT OF AGRICULTURE

NEG. 64 (7)-5762 AGRICULTURAL RESEARCH SERVICE

Figure 154

SPENDING FOR FAMILY LIVING

By Region, 1961



U. S. DEPARTMENT OF AGRICULTURE

NEG. 64 (7)-5764 AGRICULTURAL RESEARCH SERVICE

Figure 155

SPENDING THE FARM FAMILY DOLLAR

1955*

1961°



Food, beverages

Transportation

Recreation, education

Housing

Medical care

Other

Clothing, personal care

*FARM-OPERATOR FAMILIES.

°FAMILIES LIVING ON FARMS.

△ INCLUDES HOUSEHOLD OPERATIONS; FURNISHINGS AND EQUIPMENT.

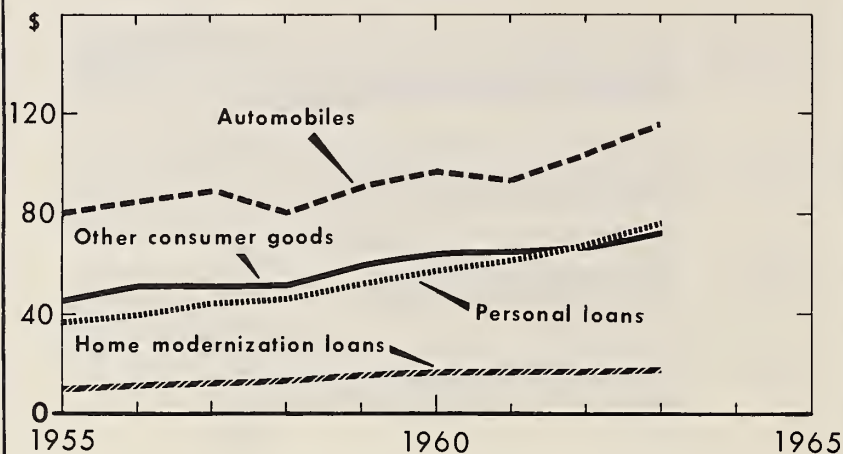
U. S. DEPARTMENT OF AGRICULTURE

NEG. 64 (7)-5765 AGRICULTURAL RESEARCH SERVICE

Figure 156

CONSUMER INSTALLMENT DEBT

Per Capita



FEDERAL RESERVE BOARD DATA; END OF YEAR.

U. S. DEPARTMENT OF AGRICULTURE

NEG. 64 (6)-5759 AGRICULTURAL RESEARCH SERVICE

Figure 157

Consumer installment debt per capita, by type ^{1/}

Year	Total ^{2/}	Automobile	Other consumer goods	Personal loans	Home modernization
	Dollars	Dollars	Dollars	Dollars	Dollars
1955	173	81	46	37	10
1956	187	85	51	40	11
1957	196	89	51	44	12
1958	192	81	51	46	13
1959	219	92	59	52	16
1960	235	97	63	57	17
1961	235	93	64	61	17
1962	235	104	67	67	17
1963	282	116	72	75	18

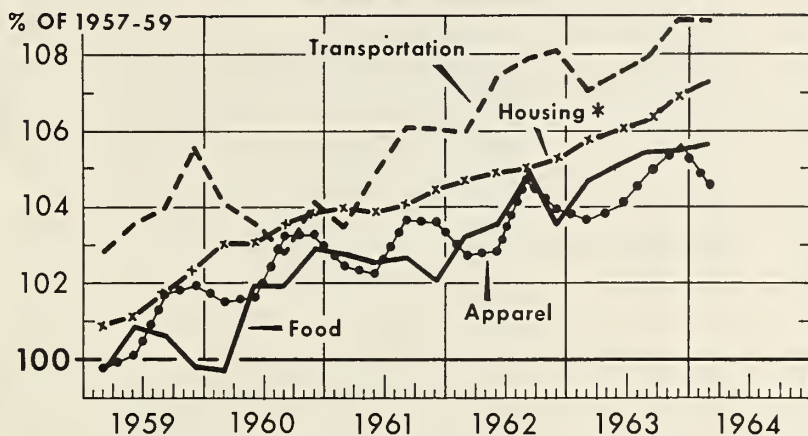
^{1/} Debt outstanding at end of year.

^{2/} Detail may not add to total due to rounding.

Federal Reserve Board.

CONSUMER PRICE INDEX

Selected Groups



BLS DATA; CITY WAGE EARNERS AND CLERICAL WORKERS.

* INCLUDES RENT, OWNERSHIP COSTS, HOUSEHOLD OPERATION, AND HOUSEFURNISHINGS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. 64 (6) 5724 AGRICULTURAL RESEARCH SERVICE

Figure 158

Consumer price index

(1957-59 = 100)

Year and month	All items	Food	Housing: 1/	Apparel	Transportation	Medical Care	Personal care	Reading and recreation	Other goods and services
1960:									
March	102.4	99.7	103.0	101.5	104.0	107.3	103.6	104.4	103.4
June	103.1	101.9	103.0	101.6	103.5	108.0	104.0	104.6	103.6
September	103.3	101.9	103.5	103.2	102.7	108.6	104.5	105.4	104.2
December	103.9	102.9	103.8	103.2	104.0	109.3	104.4	105.6	104.2
1961:									
March	103.9	102.7	103.9	102.4	103.4	110.4	104.3	106.6	104.1
June	104.0	102.5	103.8	102.2	104.8	111.3	104.5	106.6	104.5
September	104.6	102.6	104.0	103.6	106.0	111.9	104.8	107.9	105.0
December	104.5	102.0	104.4	103.5	106.0	112.5	105.2	108.2	104.9
1962:									
March	105.0	103.2	104.6	102.7	105.9	113.6	105.9	109.2	105.1
June	105.3	103.5	104.8	102.8	107.3	114.4	106.1	109.2	105.2
September	106.1	104.8	104.9	104.6	107.8	114.7	106.8	110.0	105.6
December	105.8	103.5	105.2	103.9	108.0	115.3	107.6	110.0	105.6
1963:									
March	106.2	104.6	105.7	103.6	107.0	116.1	107.3	110.1	105.7
June	106.6	105.0	105.9	103.9	107.4	117.2	107.8	110.9	107.6
September	107.1	105.4	106.2	104.8	107.9	117.5	108.2	112.3	108.0
December	107.6	105.4	106.9	105.5	108.9	117.9	108.8	113.1	108.3
1964:									
March	107.8	105.6	107.2	104.4	108.9	118.8	109.0	113.9	108.5

1/ Includes shelter, fuel, utilities, housefurnishings, and household operation.

U.S. Bureau of Labor Statistics data; city wage earners and clerical workers.

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COMMODITY TRENDS

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